



Building leading companies



Cape Town, South Africa

King IV™ application report 2020

... that improve
people's lives



KING IV™ APPLICATION	Reference
PRINCIPLE 1: The governing body should lead ethically and effectively Board members individually and collectively demonstrate integrity, competence, responsibility, accountability, fairness and transparency to provide effective leadership, which, together with management, assists in achieving strategic objectives. The board has adopted a stakeholder-inclusive approach in the execution of their governance role and responsibilities and act in such a way that the company is not steered in a direction which would adversely affect the natural environment, society or future generations. The induction of new directors and ongoing training ensures directors have the necessary knowledge and competence to fulfil their duties with due care, skill and diligence. Adequate information is provided in the board and committee papers. Regular progress reports are provided to board members for the individual business units. At each board meeting, members are updated on new trends and technology. The company secretary and group general counsel provide professional and independent guidance to the board collectively, and each director individually, on their duties and responsibilities, and draw their attention to relevant legislation and regulations. Attendance of board and committee meetings indicate the high level of commitment from directors. The board ensures proper disclosure of how it exercises its governance role. The board and its committees monitor financial, environmental, social and governance matters, as well as risks and opportunities.	Integrated annual report: • Risks and opportunities management report. Full corporate governance report: • Risk committee report. • The board: – Conflicts of interest – Role and function – Evaluation – Induction and development – Meetings and attendance – Group governance framework. Applicable policies and governance elements: • Code of business ethics and conduct • Induction policy for new directors and summary of duties and liabilities of directors (Naspers board governance portal) • Board charter.
PRINCIPLE 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture The Naspers board sets the tone at the top and oversees the management of ethics and, in particular, that it results in the outcomes envisaged by King IV™. Naspers values, code of business ethics and conduct (the Code) and related policies encompass Naspers's interaction with internal and external stakeholders and broader society. Naspers conducts its business dealings on the basis of compliance with applicable law, and proper regard for ethical business practices. Management teams across the group understand and apply the Code and create and maintain awareness of the Code and whistleblower policy. Reference to the Code is included in the contracts of new employees of major subsidiaries, and in the induction process for new employees. The Code applies to the recruitment, performance evaluation and reward processes. Management teams are required to monitor adherence to the Code and apply a zero-tolerance policy to violations. Sanctions are in place and the necessary action is taken, which includes prosecuting to the fullest extent of the law when appropriate. Reference to our ethical values is included in third-party contracts of some major subsidiaries. Contractors, agents and consultants who work with any group company are expected to follow the same standards of business conduct. Group companies may require specific steps to be taken, including, where appropriate, due diligence checks and specific contractual terms for certain types of contractors, agents and consultants. Internal audit and risk support monitor OpenLine (Naspers's whistleblower facility operated by Navex). Where appropriate, internal audit and/or external forensic consultants investigate reported matters. Significant allegations and fraud are reported to the audit and risk committees. The social, ethics and sustainability committee receives reports on whistleblower activity and ethics. Internal audit and risk support provide the social, ethics and sustainability committee and human resources and remuneration committee with an assessment of the group's ethics performance annually.	Integrated annual report: • Capital performance snapshot. Full corporate governance report: • Business ethics • The board: role and function • Social, ethics and sustainability committee report. Applicable policies and governance elements: • Code of business ethics and conduct • Code of business ethics and conduct employee handbook • Whistleblower policy • MyAcademy training on code of business ethics and conduct and whistleblowing • Board charter • Social, ethics and sustainability committee charter.

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PRINCIPLE 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen Naspers's sustainable development policy includes the responsibility for corporate citizenship. Naspers's purpose, values and strategy are aligned with the principles of responsible corporate citizenship. Our diverse businesses manage numerous corporate citizenship initiatives affecting the workplace, economy, society and environment, including: broad-based black economic transformation (BBBEE) and employment equity performance for South African subsidiaries; local employment, health and safety laws; employee development opportunities (eg MyAcademy platform); responsible tax policy; fraud, anti-bribery and anti-corruption initiatives; initiatives to minimise impact on the environment; and corporate social investment initiatives contribute to the societies in which our businesses operate. Every year we review our sustainability as part of our strategic planning. In the past two years we have progressively stepped up our planning in terms of sustainability and we are looking to continue with this in the years ahead. This builds on our long-term commitment as a group and also the different initiatives already underway across our diverse range of companies. As part of refining our sustainability strategy we will identify material sustainability risks and opportunities to Naspers and decide on our future focus areas. The Naspers board oversees and monitors sustainability, assisted by the social, ethics and sustainability committee.	Integrated annual report: • Sustainability review, operating responsibly, our people, the environment and society. Full corporate governance report: • Corporate citizenship • Legal compliance • The board: role and function • Social, ethics and sustainability committee report. Applicable policies and governance elements: • Legal compliance policy and framework • Anti-harassment policy • Anti-bribery and anti-corruption policy • Competition compliance policy • Sanctions and export controls policy • Sustainable development policy • Code of business ethics and conduct • Naspers good governance guidelines • Board charter • Social, ethics and sustainability committee charter • Group tax policy.
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 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 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 business plan is a bottomup/topdown inclusive process. It focuses on the sustainability of the businesses, taking account of changing economic, competitive, technological and other market conditions. 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.	Integrated annual report: • Chair review • Capitals performance snapshot. Full corporate governance report: • Corporate citizenship • The board: role and function • Social, ethics and sustainability committee report • Remuneration report. Applicable policies and governance elements: • Sustainable development policy • Board charter • Social and ethics committee charter • Business plan and budget.

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PRINCIPLE 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of its performance, and its short-, medium- and long-term prospects	
The chairs of the board's committees report to the board at each scheduled board meeting, keeping the board apprised of developments in terms of their mandates. The audit committee, and ultimately the board, is responsible for overseeing Naspers's reporting and approving management's determination of reporting frameworks and basis for determining materiality. International Financial Reporting standards are used for financial reporting purposes in accordance with JSE Listings Requirements. The international integrated reporting framework (endorsed by King IV™) and the Sustainable Development Goals are used in the preparation of the integrated annual report. The board, assisted by its committees, oversees the audit and integrated annual reporting process. General and investor information is published on the corporate website (www.naspers.com) and, when necessary, on the Stock Exchange News Services (SENS). To assist the board in ensuring the integrity of the integrated annual report, the audit committee reviews this report prior to making a recommendation to the board for approval. The group's external auditor, PricewaterhouseCoopers Inc., audits or reviews, as appropriate, external financial reporting and material non-financial information included in the integrated annual report. BBBEE scorecards are issued by EmpowerLogic for Naspers and its South African subsidiaries.	Integrated annual report The annual financial statements and BBBEE compliance certificates can be found at www.naspers.com Full corporate governance report: • The board: role and function • Audit committee report. Applicable policies and governance elements: • Board charter • Audit committee charter.
PRINCIPLE 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation	
The board exercises its leadership and oversight role by annually approving the strategy and the business plan and overseeing implementation. Accountability for Naspers's performance is ensured by its financial reporting and integrated annual report, together with disclosure of general and investor information on the corporate website (www.naspers.com). The board's role, responsibilities, membership requirements and procedural conduct are documented in its charter, which it regularly reviews to guide its effective functioning. Board-approved policies set out the processes to be followed for: • Any of its members or committees to obtain independent, external professional advice at the cost of Naspers on matters within the scope of their duties • Its non-executive members for requisitioning documentation from, and setting meetings with, management. All board policies, and the board and committee charters are reviewed annually.	Integrated annual report: • Our people (BBBEE) The annual financial statements and BBBEE compliance certificates can be found at www.naspers.com Full corporate governance report: • The board: meetings and attendance and conclusion • Audit committee report. Applicable policies and governance elements: • Board charter • Audit committee charter • Obtaining independent professional advice policy • Directors' right to access information policy • Naspers website.

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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	
Board-approved policies inform processes to achieve an appropriate balance of knowledge, skills, experience, diversity and independence on the board. The composition of the board (including board member rotation) is reviewed annually by the nomination committee, which makes recommendations to the board. The board promotes diversity in its membership and considers its composition holistically, taking into account all aspects of diversity (including gender and race) in terms of its diversity policy, and capitalising on differences in the skills, geographical and industry experience of its members. The chief executive and financial director are board members. In the event of the chair being unable to perform his duties or being conflicted, the lead independent director takes over as an interim measure until a new candidate has been determined or the chair is able to resume his responsibilities. In the annual review of board and committee composition, succession planning, including upcoming retirements, are considered and, where appropriate, new appointees are identified. All aspects of diversity are considered in succession planning, while training requirements are considered in developing executive and non-executive directors. The nomination, election and appointment processes are formal and transparent, and include a fit-and-proper test. Formal terms of appointment are in place for each non-executive director. The nomination committee and board evaluate the categories of directors annually, categorising directors as executive, non-executive and/or independent. The independence of non-executive directors serving for longer than nine years is formally assessed annually. CVs of all directors are included in the integrated annual report and on the Naspers website (www.naspers.com).	AGM notice: • Rotation and re-election of directors. Full corporate governance report: • The board: composition, meetings and attendance, the chair and conflicts of interest, evaluation • Nomination committee report. Applicable policies and governance elements: • Board charter • Nomination committee charter • Board diversity policy • Appointment of new directors policy • Induction for new directors policy • MyAcademy training on directors' duties and corporate governance.
PRINCIPLE 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties	
The board's standing executive, audit, risk, human resources and remuneration, nomination, and social, ethics and sustainability committees fulfil key roles in ensuring good corporate governance. In determining responsibilities delegated to committees, the board was guided by legal and regulatory requirements, the recommendation of King IV™ and what is appropriate for Naspers. The responsibilities and composition of committees are detailed in the governance report. Charters are approved by the board for all committees and reviewed annually. Committee charters deal with composition, role and responsibilities, delegated authority, meeting procedures, right to obtain professional advice, and performance evaluation arrangements. All committee members are board members, except for the social, ethics and sustainability committee, which includes executive members. This is in line with the Companies Act requirements. Committees report to the board at each scheduled board meeting. There is overlapping membership between all committees for more effective functioning. Delegating responsibilities does not discharge the board's accountability, and the board's collective mind is applied to information, opinions, recommendations, reports and statements presented to it. Members of the executive and senior management are invited to committee meetings to provide information and insights in their areas of responsibility. Any board member is entitled to attend any committee meeting as an observer, subject to agreement by the chair of that committee. However, they do not have a vote and are not entitled to fees for attendance. The audit committee has the power to make decisions on its statutory duties, and is accountable for its performance in this regard. The board is ultimately accountable for other responsibilities delegated to the audit committee. The external audit partner and head of internal audit and risk support have unrestricted access to the chair of the audit committee, which meets separately with auditors twice a year. Refer to the committee reports for further detail, specific disclosures and focus areas.	Full corporate governance report: • The board: Reports from audit, risk, human resources and remuneration, nomination, and social, ethics and sustainability committees. Applicable policies and governance elements: • Board charter • Committee charters.

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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	
The board determines how performance evaluations of the board, its committees, individual members and its chair should be approached. Until 2018, the board performed an annual formal inhouse self-assessment of its own effectiveness, as well as its committees, individual members and its chair. Following the listing of Prosus N.V., it was decided this formal process will be carried out annually. Performance in general continues to be considered every year as part of the review of the composition of the board and its committees. The lead director heads the evaluation of the chair.	Full corporate governance report: • The board: evaluation, nomination committee • Nomination committee report. Applicable policies and governance elements: • Board charter • Nomination committee charter.
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	
The board approves the appointment of the chief executive and the financial director. The human resources and remuneration committee considers the performance of the chief executive and financial director annually against agreed performance incentive objectives. The audit committee considers the performance of the financial director and the finance function and reports thereon in its report included in the integrated report. The board approves the group levels of authority annually, which include delegated authorities to the Naspers chief executive in conjunction with the approval of the business plan process. The board evaluates the overall performance of the chief executive and financial director. The integrated annual report discloses performance measures for the chief executive, financial director and chief investment officer. Executive directors are also assessed in their capacity as directors as part of the annual individual directors' evaluation process. Succession plans, including interim appointees, for the chief executive and senior executives are reviewed annually by the human resources and remuneration committee. The board appoints the fulltime company secretary. The office of the company secretary is empowered and carries the necessary authority. The company secretary has the necessary competence, gravitas and objectivity to provide independent guidance and support. The company secretary reports to the chair on all statutory duties and functions performed for the board. On other duties and administrative matters, the company secretary reports to the Naspers financial director. The performance and independence of the company secretary is evaluated annually by the human resources and remuneration committee, nomination committee and the board.	Full corporate governance report: • The board: chief executive, company secretary • Human resources and remuneration committee report • Remuneration report: service contracts. Applicable policies and governance elements: • Board charter • Group levels of authority • Human resources and remuneration committee charter • Nomination committee charter.
PRINCIPLE 11: The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives	
The board approves Naspers's risk management policy, which is reviewed annually. Responsibility for managing risks and opportunities is shared by all the group's decisionmakers, from the Naspers board to group and segment CEOs through to other management with delegated responsibilities. Opportunities are identified and reported through various governance structures as part of the oversight process. Risks and opportunities are considered in setting strategy and discussing the annual business plan and budget. Executive management is responsible for identifying, managing and reporting risk. The group's risk framework, register and heatmap drive the reporting process to ensure key objectives are identified and associated risks are considered, assessed and reported. The board treats risk as integral to its decisions and in executing its duties, and evaluates and determines the nature and extent of risk Naspers is willing to take in pursuing its strategic objectives. Naspers has an entrepreneurial approach and many important risks are not easily quantifiable. As a group, we do not consider risk-bearing capacity in a technical sense in our strategic decisions, but we rigorously and regularly assess risks and opportunities. A robust process is followed in evaluating new opportunities. We run adequate insurance programmes to mitigate the risk of sudden losses caused by an insurable risk materialising. The risk committee assists the board in its risk oversight role while the social, ethics and sustainability committee assists the board in overseeing sustainability aspects from a social and ethics perspective. The risk register reported to the risk committee details mitigating management actions as appropriate in response to risks. Business continuity is considered a key risk in the group and is managed accordingly. Internal audit provides assurance annually on the effectiveness of the risk management processes across the group.	Integrated annual report: • Managing risks and opportunities. Full corporate governance report: • Legal compliance • The board: role and function • Risk committee report. Applicable policies and governance elements: • Board charter • Risk committee charter • Risk management policy • Social and ethics committee charter.

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PRINCIPLE 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives The board approves and annually reviews the information and technology (I&T) governance charter and cybersecurity policy. An overview of arrangements for governing and managing I&T, monitoring effectiveness, focus areas during the year, future focus areas and other specific disclosures appear in the full governance report and risk committee report in the integrated annual report. I&T governance is applied in the context of enterprise-wide risk and opportunity management. Business resilience is a key objective of cybersecurity plans, which address, monitor and respond to cyber incidents. The capability of businesses to respond to disruption is in scope for internal audit. A cyber-incident response team, appropriate security measures and incident response plans are in place. Compliance with relevant laws and ethical and responsible use of I&T are addressed through our code of business ethics and conduct and legal compliance and data-privacy programmes. Data privacy is a high priority for Naspers. Internal audit provides assurance to management, the risk committee and board on the effectiveness of I&T governance, based on detailed controls to manage identified risks and reduce vulnerability. The group's risk and social, ethics and sustainability committees oversee I&T from risk and ethics perspectives respectively. These arrangements for governing and managing I&T enable the risk committee and social, ethics and sustainability committee, and ultimately the board, to oversee Naspers's I&T governance.	Integrated annual report: • Managing risks and opportunities. Full corporate governance report: • Information and technology governance • The board: role and function • Risk committee report. Applicable policies and governance elements: • Board charter • Risk committee charter • Risk management policy • Information and technology charter • Cybersecurity policy • Data-privacy programme and policies • Code of business ethics and conduct • Social, ethics and sustainability committee charter • Legal compliance policy and framework.
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 An overview of arrangements for governing and managing compliance, measures to monitor effectiveness, focus areas during the year, future focus areas and other specific disclosures appear in the full governance report. These arrangements enable the risk committee, social, ethics and sustainability committee and the board, to oversee Naspers's legal compliance holistically in a way that supports Naspers being an ethical and good corporate citizen.	Full corporate governance report: • Legal compliance • The board: role and function • Risk committee report. Applicable policies and governance elements: • Board charter • Risk committee charter • Legal and compliance policy and framework • Anti-bribery and anti-corruption policy • Competition compliance policy • Sanctions and export controls policy • Data-privacy policy and programme.

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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	
The board approves and annually reviews the remuneration policy. It has delegated oversight of executing the remuneration policy to the human resources and remuneration committee, which reports to the board on its activities and makes recommendations where required. The remuneration policy is designed to attract, motivate, reward and retain employees, as well as promote achieving strategic objectives within the group's risk appetite and ethical culture. The policy addresses fair and responsible organisation-wide remuneration and sets out all elements of remuneration. The remuneration policy is aligned with King IV™'s recommendations and is available on (www.naspers.com). Remuneration is disclosed in a three-part report included in the integrated report: background statement, overview of main provisions of the remuneration policy and an implementation report. Fees for non-executive directors for their services are submitted for approval by shareholders (special resolution) within the two years preceding payment as required by the Companies Act. The remuneration policy and implementation report are tabled annually for a non-binding advisory vote by shareholders at the AGM.	AGM notice: • Ordinary resolution numbers 7 and 8. Full corporate governance report: • Remuneration report • The board: role and function • Human resources and remuneration committee report. Applicable policies and governance elements: • Remuneration policy • Board charter • Human resources and remuneration committee charter • Risk management policy • Code of business ethics and conduct • Sustainable development policy.
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 decisionmaking and of the organisation's external reports	
The board provides assurance regarding the integrated annual report and annual financial statements in its statement of responsibility included in the integrated annual report. The audit committee and the board oversee that assurance services and functions enable an effective control environment, and support the integrity of information for internal decision-making and Naspers's external reports. Internal audit reports on the internal control environment to the audit committee. The board and board committees, in determining if they have adequate and sufficient assurance of key risks, make use of a combination of appropriate assurance providers and functions as part of the combined assurance model. These include line functions that own and manage risks, specialist internal audit and risk support and compliance functions (for Naspers and significant businesses), as well as external auditors and other relevant parties, such as regulatory inspectors. An assessment of combined assurance effectiveness is reported to the audit and risk committees. The company secretary, group general counsel and external counsel guide the board on legal requirements. The head of internal audit and risk support is appointed by the audit committee. The head of internal audit has unrestricted access to and meets periodically with the chair of this committee.	Integrated annual report, assurance on page X Full corporate governance report: • Internal control systems • Internal audit. Applicable policies and governance elements: • Board charter • Audit committee charter • Internal audit charter.

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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	
Stakeholder engagement is decentralised and dealt with by the public relations, tax, communications, investor relations, corporate secretariat, legal and human resources teams and spokespersons in various group businesses. Overviews of governing and managing stakeholder relationships and measures to monitor effectiveness appear in the integrated annual report and full governance report. This demonstrates that the board adopts a stakeholder-inclusive approach and monitors management's process of engagement with identified material stakeholders, assisted by the social, ethics and sustainability committee. The board considers stakeholders in decisions and the company is not steered in a direction to adversely affect the natural environment, society or future generations. Managing stakeholder risk is an integral part of group-wide risk management. Refer to engaging all our stakeholders and group governance framework in the integrated annual report for a more detailed overview of how we manage stakeholder relationships.	Integrated annual report: • Engaging our stakeholders. Full corporate governance report: • Stakeholder relationships • The board: role and function • Social, ethics and sustainability committee report • Investor relations • Group governance framework. Applicable policies and governance elements: • Board charter • Social, ethics and sustainability committee charter • All board and committee charters and group policies, including communications and investor relations policies • Naspers good corporate governance guidelines and Naspers annual CEO/CFO sign-off process.

[Click here to view the integrated annual report.](#)
[Click here to view the full governance report.](#)



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