

NEW MATRIX LAUNCHED TO MEASURE CORPORATE GOVERNANCE LEVELS IN SA

22 April 2010: The inaugural 2010 PIC Corporate Governance Rating Matrix (the matrix) conducted by the Unit for Corporate Governance in Africa housed at the University of Stellenbosch Business School (USB) on behalf of the Public Investment Corporation (PIC) was released this week.

The matrix measures corporate governance levels of the top 40 JSE-listed companies in South Africa. According to Deon Botha, corporate governance specialist at the PIC, it aims to shape corporate behaviour by encouraging further transparency among the country's leading corporations.

"We believe that those companies that have good levels of corporate governance tend to be more sustainable and will therefore deliver better value over time. The matrix will also play a role in encouraging a shift in corporate mindsets away from a short term focus towards delivering long term value."

The matrix revealed that South Africa's mining and banking sectors have the best records in terms of corporate governance and disclosure.

In alphabetical order, the top five rated companies according to the matrix were Anglo Platinum, Firstrand, Impala Platinum, Lonmin and Nedbank.

"This rating does not mean that companies toward the bottom are poorly governed. In some cases, the reason for a low score is that their levels of disclosure are below those of other corporations."

Daniel Malan, senior lecturer in ethics and governance at the USB and head of the Unit for Corporate Governance in Africa, said a number of companies have already been in contact with the Unit following the release of the results to find out how they can improve their corporate governance rating. "We will engage with all 40 companies to discuss their results in detail and to provide more specific information about our assessment. It is our hope to work with these companies in the future in order to improve standards of disclosure."

According to Malan, the matrix is calculated using only publicly available information, with scores based on the disclosure of key information. Some of the key metrics used to determine levels of

governance are the independence of directors and auditors, transformation, attendance at board meetings, remuneration and legal contraventions.

Companies were also scored on their social and environmental contributions such as BBBEE, participation in voluntary standards, corporate responsibility spend as a percentage of profit, consumption of key resources, emissions and energy saving programmes.

"We would not like the methodology to be encouraging a tick box mentality, whereby companies focus purely on those aspects that will improve their rating rather than improving their general levels of performance, compliance and disclosure."

Malan says the matrix will continue to be further refined. "We are also looking to extend the rating to the top 100 JSE-listed companies."

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About University of Stellenbosch Business School

Since its inception in 1964, the University of Stellenbosch Business School (USB) has become a renowned player in the international business school community. The student body, which grows each year, presently comprises over 650 MBA students, some 150 students of two further Master's degrees, 26 PhD students and several thousand other students taking part in the wide range of shorter executive courses. The USB MBA offers a solid theoretical grounding for the practical, real-world application of management and leadership competencies in any business sector in South Africa, on the African continent as well as in the global business community. The USB is the only business school of a South African university with two international accreditations: [EQUIS](#) from the European Foundation for Management Development and [AMBA](#) from the Association of MBAs. Visit www.usb.ac.za for more information.