



# King IV Commenting Platform

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*Filled Sunday, May 15, 2016*

## Page 1

Welcome to the official King IV Commenting Platform. After you have downloaded and reviewed the draft King IV Report here [if this link does not open, please copy and paste the following into your browser: [https://c.ymcdn.com/sites/iodsa.site-ym.com/resource/resmgr/King\\_IV/King\\_IV\\_Report\\_draft.pdf](https://c.ymcdn.com/sites/iodsa.site-ym.com/resource/resmgr/King_IV/King_IV_Report_draft.pdf)], you will be able to enter your comments using this platform. The public comment process takes place in 2 phases, the first of which invites comment on the whole of the King IV Report, bar the Sector Supplements. The Sector Supplements are to be subjected to public comment during phase 2. This platform will remain open in respect of phase 1 for two months from 15 March 2016 to 15 May 2016. Phase two of the commentary process, being commentary on the sector supplements, will be opened on notice. Commenting terms and conditions Please note that this process is open and transparent. All comments submitted will be available for public view at <http://www.iodsa.co.za/page/KingIVCommentLibrary> and NO anonymous comments are permitted. Comments received are added to the library for public viewing weekly together with the identity of the individual or organisation on behalf of whom the submission is made. Only comments submitted through this platform will be considered for the finalisation of the King IV Report.

Do you agree to the King IV commenting terms and conditions?

Yes



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**Personal Details Section:**

**\*Title:**

Ms

**\*First Name:**

Aimee

**\*Last Name:**

Girdwood

**\*I am commenting on behalf of:**

Myself

**Page 3**

**PART 1: Introduction and Foundational Concepts**

**PART 1: Introduction and Foundational Concepts**

Add your comments for this part here:

Variable	Response
PART 1: Introduction and Foundational Concepts   1. Introduction	(No response)
PART 1: Introduction and	(No response)



Foundational Concepts | 2.  
Objectives of King IV

PART 1: Introduction and  
Foundational Concepts | 3.  
King IV definition of  
corporate governance

PART 1: Introduction and  
Foundational Concepts | 4.  
The underpinning  
philosophies of King IV

(No response)

Thank you very much to the King committee for all the work that has obviously gone in to the production of a fantastic draft code that recognises the need for, and role of governance and integrated thinking in fostering the sustainability transition we require to be brought about by/within organisations, capital markets and our society. I agree completely with the recognition and inclusion of each of the philosophies set out in chapter 4 that are based on the understanding that the value an organisation generates for itself over the short, medium and long-term is inter-dependent on the well-being of the society and the environment in which it operates. My comments are based on my experience in my work, in my Masters of Sustainability Leadership at the University of Cambridge (which I have just completed) and in my thesis research that I conducted for this masters into the state of integrated reporting in South Africa (finalised on 24 February 2016). This research included 37 interviews with representatives of a sample of 4 listed mining companies in South Africa (producing integrated reports) and a sample of key external stakeholders (investors, academics, NGOs, supporting organisations and initiatives of integrated reporting, the JSE, and service providers to reporting companies). This thesis has been awarded a distinction by Cambridge University and I am in the process of developing this research with two academics for publishing in a journal. My concern is that if King IV is to achieve its objective of, inter alia, moving sustainable development beyond the incremental and informing best practice for governance in a changing world - recognition must be given as to the reality of, and the challenges faced by organisations in the implementation of the principles of inter-connectedness/integrated reporting/integrated thinking. Consideration and guidance should also be given as to how these challenges can start to be addressed. This is important because these challenges will impact on the ability of organisations to implement the principles of King IV in practice. It is also important because of the role that King IV will play in informing organisations and our courts interpretation of best practice in governance (including risk and opportunity governance). These challenges include (as evidenced by my masters research and which I



would be happy to share and discuss with you) that there is fundamental disagreement and dissonance amongst organisations and external stakeholders as to the usefulness and legitimacy of integrated reporting. This is based on many factors, including the conflicting views, values, needs and interests amongst the stakeholders. What is arguably missing from King IV is therefore:- a recognition that while social and environmental performance and impact is increasingly considered by organisations, financial value remains of paramount importance to organisations and their providers of financial capital;- a recognition of the economic system within which organisations operate which perpetuates a mentality of the importance of short-term profitability;- a recognition that long-term investors are few and far between in reality given the economic system within which we operate;- a recognition of the fact that integrated reporting is viewed by external stakeholders as a tool used by organisations to manage perceptions and reputations - rather than addressing substantive issues;- a recognition of the reality of shareholder primacy in practice that prevails over thinking of the interconnectivity of stakeholders;- a recognition that trade-offs and balancing acts must be undertaken to balance conflicting values and interests. These are based on the value system of organisations (the data indicated a prioritisation of financial value) and are not necessarily transparently reflected, dealt with or reported on by organisations in the integrated reporting process;- related to the above, organisations tend to focus on "win-win" opportunities (the business case framing) in an application of integrated thinking. While this is not at odds with integrated reporting, this thinking does not take account of the fact that win-win opportunities between the various sustainability dimensions are not always possible;- while obtaining credible non-financial data capable of analysis and comparison is a key goal of many organisations - this does not recognise that not all non-financial issues can be assigned a financial value, and the numbers may be reported on but that does not necessarily mean that they are managed;- a recognition that integrated reports and other communications with stakeholders should not merely amount to a "pushing out of information" - but to a tool for dialogue from which organisations (and their stakeholders) can benefit. I have run out of time in the commenting process to provide a detailed set of comments and to explain why I think the above is so important to the King IV draft, but would greatly appreciate the opportunity to engage on this further if this is at all possible. Kind regards Aimee

PART 1: Introduction and

(No response)



Foundational Concepts | 5.  
Local and international  
developments since King  
III

## PART 2: Content Elements and Development

### PART 2: Content Elements and Development

Add your comments for this part here:

Variable	Response
PART 2: Content Elements and Development   1. Overview of the nine parts of the King IV Report	(No response)
PART 2: Content Elements and Development   2. King IV Code elements	(No response)
PART 2: Content Elements and Development   3. Sector Supplements	(No response)
PART 2: Content Elements and Development   4. Content development process	(No response)
PART 2: Content Elements and Development   5. Drafting convention	(No response)
PART 2: Content Elements and Development   6. Presentation features of King IV	(No response)

## PART 3: Application of King IV

### PART 3: Application of King IV

Add your comments for this part here:

Variable	Response
PART 3: Application of King IV   1. Legal status of King IV	(No response)
PART 3: Application of King IV   2. Scope of application of King IV	(No



PART 3: Application of King IV | 3. Proportionality – appropriate application and adaption of practices

response)

(No response)

PART 3: Application of King IV | 4. Disclosure on application of King IV

(No response)

PART 3: Application of King IV | 5. Transition from King III to King IV

(No response)

### PART 4: King IV on a page

#### PART 4: King IV on a page

Add your comments for this part here:

(No response)

### PART 5, CHAPTER 1: Leadership, Ethics and Corporate Citizenship

#### PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship

Add your comments for this part here:

Variable

Response

PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship | 1.1 Ethical leadership

(No response)

PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship | 1.2 Organisation values, ethics and culture

(No response)

PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship | 1.3 Responsible corporate citizenship

(No response)

### PART 5, CHAPTER 2: Performance and Reporting

#### PART 5CHAPTER 2: Performance and Reporting

Add your comments for this part here:



Variable	Response
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PART 5CHAPTER 2: Performance and Reporting   2.1 Strategy, implementation, performance	(No response)
PART 5CHAPTER 2: Performance and Reporting   2.2 Reports and disclosure	(No response)

### PART 5, CHAPTER 3: Governing Structures and Delegation

#### PART 5CHAPTER 3: Governing Structures and Delegation

Add your comments for this part here:

Variable	Response
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PART 5CHAPTER 3: Governing Structures and Delegation   3.1 Role of the governing body	(No response)
PART 5CHAPTER 3: Governing Structures and Delegation   3.2 Composition of the governing body	(No response)
PART 5CHAPTER 3: Governing Structures and Delegation   3.3 Committees of the governing body	(No response)
PART 5CHAPTER 3: Governing Structures and Delegation   3.4 Delegation to management	(No response)
PART 5CHAPTER 3: Governing Structures and Delegation   3.5 Performance evaluations	(No response)

### PART 5, CHAPTER 4: Governance Functional Areas

#### PART 5CHAPTER 4: Governance Functional Areas

Add your comments for this part here:

Variable	Response
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PART 5CHAPTER 4: Governance Functional Areas   4.1 Risk and opportunity governance	(No response)
PART 5CHAPTER 4: Governance Functional Areas   4.2 Technology and information governance	(No response)



PART 5 CHAPTER 4: Governance Functional Areas | 4.3 Compliance governance

(No response)

PART 5 CHAPTER 4: Governance Functional Areas | 4.4 Remuneration governance

(No response)

PART 5 CHAPTER 4: Governance Functional Areas | 4.5 Assurance

(No response)

## PART 5, CHAPTER 5: Stakeholder Relationships

### PART 5 CHAPTER 5: Stakeholder Relationships

Add your comments for this part here:

Variable

Response

PART 5 CHAPTER 5: Stakeholder Relationships | 5.1 Stakeholders

(No response)

PART 5 CHAPTER 5: Stakeholder Relationships | 5.2 Responsibilities of shareholders

(No response)

## PART 6: Sector Supplements

### PART 6: Sector Supplements

Content on Part 6: Sector Supplements will be published and opened for commentary during May 2016.

## PART 7: Application Register

### PART 7: Application Register

Commentary on Part 7: Application register will be addressed in the Comment Questions section, Question 10.

## PART 8: Glossary of Terms

### PART 8: Glossary of Terms

Add your comments for this part here:



(No response)

## Comment Questions (1-5)

### Comment Questions Question 1 - Question 5

#### Question 1

The set objectives of the King IV Report are to: -promote good corporate governance as integral to running an enterprise and delivering benefits to it;broaden the acceptance of good corporate governance by making it accessible and fit for application by organisations of a variety of sizes, resources and complexity of strategic objectives and operations;reinforce good corporate governance as a holistic and inter-related set of arrangements to be understood and implemented in an integrated manner; andpresent good corporate governance as concerned with not only structure, policy and process but also an ethical consciousness and behaviour.To what extent would the draft King IV Report as it stands achieve each of these objectives?Please comment on how this could be optimised.

(No response)

#### Question 2

Part 2 of the draft King IV Report: Content Elements and Development, deals with outcomes, principles and practices. Clear differentiation of these content elements is key to reinforcing qualitative governance which is outcomes driven rather than about mindless compliance. Is the rationale and the difference between these content elements clearly explained? Please provide suggestions on how this could be further enhanced.

(No response)

#### Question 3

King IV uses the broader form of address namely: 'organisations'; 'governing body'; and 'those charged with governance duties'. Does this make the King IV Report more broadly relevant to all organisations and sectors?

(No response)



#### Question 4

The King IV Code recommends that as a minimum, the chief executive officer (CEO) and one other executive should be appointed to the governing body. Other than in King III, it does not specifically recommend the inclusion of the chief financial officer (CFO) as a member of the governing body. This allows flexibility for another executive to be appointed as a member of the board, depending on the nature and needs of the business. Would a recommendation specifically providing for inclusion of the CFO be more appropriate or is flexibility preferable in light thereof that organisations differ?

(No response)

#### Question 5

Do the independence criteria in Chapter 3 of the Code provide clear and useful guidance for assessment of independence on a substance over form basis?

(No response)

#### Comment Questions (6-10)

#### Comment Questions Question 6 - Question 10

#### Question 6

Will the new disclosure and voting requirements on remuneration in Chapter 4 of the Code lead to increased transparency and more meaningful engagement on remuneration between organisations and their stakeholders? Please provide suggestions for further enhancement.

(No response)

#### Question 7

King IV introduces in Chapter 4 of the Code, the 5 lines on assurance in the place of the traditional 3 lines of defence. It also expands on the implementation of the combined assurance model. Will this assist with more effective co-ordination and alignment of assurance? Please provide suggestions for further enhancement.

(No response)



### Question 8

The governing body as the focal point of corporate governance and is therefore the primary audience of the King IV Report. King IV requires the governing body of an institutional investor to ensure that the organisation exercises its rights as holders of beneficial interest in companies, responsibly. Does this principle establish the necessary linkage between King IV and the Code for Responsible Investing in South Africa (CRISA) so that governance is reinforced by all role players? How can King IV further reinforce responsible investing practices? (For access to CRISA go to [www.iodsa.co.za](http://www.iodsa.co.za).)

(No response)

### Question 9

King IV introduces 'risk and opportunity' governance to emphasise risk as being about uncertainty and the effect of it occurring or not occurring having a possible negative or positive effect on the organisation achieving its objectives. Is it useful to refer to risk and opportunity governance and will it reinforce it as a value-add rather than conformance exercise?

(No response)

### Question 10

The application regime of King IV is 'apply and explain' as opposed to 'apply or explain' in King III. The main difference between the application regime of King III and King IV is that application of the principles is assumed in King IV as they are basic to good corporate governance. Furthermore, the 75 principles in King III have been replaced with 17 principles in King IV. For the 'apply and explain' regime, explanation is required in the form of a high level narrative of the practices that have been implemented and the progress made in the journey towards giving effect to each principle. Will 'apply and explain' encourage greater transparency and qualitative? Should disclosure on King IV application be required to be signed off by the governing body? (For further information on the application regime refer to Part 3: Application of King IV and to Part 7 for a template of the application register.)

(No response)



## Survey Questions

### Survey Questions

**How much do you agree or disagree with the following statements, please give a reason for your answer.**

You may need to scroll to the right to see all the options, depending on the size of the screen you are using.

	Why do you say that?	
The King IV document is easy to understand	(No response)	(No response)
The document meets the King IV objectives	(No response)	(No response)
King IV is an improvement on King III	(No response)	(No response)

**END**

**Have you added all the comments you would like to add? If not please click on the section you would like to add comments to. Once you have done this you may return to this page and submit your comments.**