



King IV Commenting Platform

Filled Friday, May 13, 2016

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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], 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:**

Mr

***First Name:**

Ashley

***Last Name:**

Dicken

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

An organisation

***Name of organisation:**

the Association for the Advancement of Black Accountants of Southern Africa

***Capacity within organisation:**

Secretary General



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 Foundational Concepts 2. Objectives of King IV	(No response)
PART 1: Introduction and Foundational Concepts 3. King IV definition of corporate governance	(No response)
PART 1: Introduction and Foundational Concepts 4. The underpinning philosophies of King IV	(No response)
PART 1: Introduction and Foundational Concepts 5. Local and international developments since King III	(No response)

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
- PART 2: Content Elements and Development | 5. Drafting convention
- PART 2: Content Elements and Development | 6. Presentation features of King IV

(No response)
(No response)
(No response)

PART 3: Application of King IV

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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 response)
PART 3: Application of King IV 3. Proportionality – appropriate application and adaption of practices	(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

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Add your comments for this part here:

Variable	Response
PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship 1.1 Ethical leadership	We support the view that individuals [directors?] that have exposure to an organisation for longer than nine years as required by the code to retire. While such individuals may be a valuable resource to organisations, long-standing and close relationships inevitably undermines the independence. A limited tenure also provides organisations with an opportunity to increase their diversity.
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
PART 5CHAPTER 2: Performance and Reporting 2.1 Strategy, implementation, performance	(No response)
PART 5CHAPTER 2: Performance and Reporting 2.2 Reports and disclosure	Integrated thinking ABASA believes that more emphasis is required to link the governing body policies to the operational level of the organisation, in a much livelier way.



PART 5, CHAPTER 3: Governing Structures and Delegation

PART 5 CHAPTER 3: Governing Structures and Delegation

Add your comments for this part here:

Variable	Response
PART 5 CHAPTER 3: Governing Structures and Delegation 3.1 Role of the governing body	(No response)
PART 5 CHAPTER 3: Governing Structures and Delegation 3.2 Composition of the governing body	<p>We share the view that the governing body should not comprise on balance of skills; competencies, experience, diversity, independence and knowledge needed to discharge their roles and responsibilities. However it is our stance that ‘diversity’ should be defined to mean a reflection of the race and gender demographics of the country. ABASA is of the view that independence of the directors should be assessed annually. As stated above, it is our view that directors who are on a board for a long time will have their independence compromised through a growing familiarity with the business and its executives. Chair of the governing body ABASA welcomes the recommendation that the chairman be a member of the sub committees of the governing body. However, we caution the King IV committee to try and ensure the respect of the current chairpersons, so that the governing body chairman will not dominate these committees.</p>
PART 5 CHAPTER 3: Governing Structures and Delegation 3.3 Committees of the governing body	<p>Audit Committees Auditor independence, mandatory audit firm rotation and tendering have been introduced in a number of international jurisdictions. It is our view that South Africa should join these jurisdictions, as auditor independence and audit quality is key to sound Corporate Governance. ABASA acknowledges the risks of Mandatory Audit Firm Rotation. However we view this as an opportunity for previously disadvantaged firms to enter markets that are currently only serviced by the larger audit firms. Risks could be reduced and skills transferred through a dual audit partnership, among other possibilities.</p>
PART 5 CHAPTER 3: Governing Structures and Delegation 3.4 Delegation to	(No response)



management

PART 5CHAPTER 3:
Governing Structures and
Delegation | 3.5
Performance evaluations

(No response)

PART 5, CHAPTER 4: Governance Functional Areas

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Add your comments for this part here:

Variable	Response
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	Information and technology governance is essential given its increasing importance in most industries. The director’s criteria or characteristics must be expanded to include digital technology competence and their should be provision for a Chief Digital Officer or a similar role in King IV.
PART 5CHAPTER 4: Governance Functional Areas 4.3 Compliance governance	(No response)
PART 5CHAPTER 4: Governance Functional Areas 4.4 Remuneration governance	It is our opinion that the governance of remuneration policies and practices remains central to managing stakeholders’ agency risk. King IV’s enhanced disclosure requirements of remuneration practices will go a long way to managing that risk. We endorse the comparison of executive remuneration with other employees. We also urge that all listed entities provide detailed disclosure of their remuneration practices.The 75% voting right (as a bare minimum) by the shareholders be used however, we encourage that the voting right be made much higher to achieve a fair comparison.
PART 5CHAPTER 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

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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.)

(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.