



King IV Commenting Platform

Filled Monday, May 16, 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:**

Ms

***First Name:**

Berenice

***Last Name:**

Francis

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

Both

***Name of organisation:**

Imperial

***Capacity within organisation:**

Group Commercial Executive



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

response)

(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 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	(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
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
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	(No



governing body

PART 5 CHAPTER 3: Governing Structures and Delegation | 3.3 Committees of the governing body

PART 5 CHAPTER 3: Governing Structures and Delegation | 3.4 Delegation to management

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

response)

(No response)

(No response)

(No response)

PART 5, CHAPTER 4: Governance Functional Areas

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Add your comments for this part here:

Variable	Response
PART 5 CHAPTER 4: Governance Functional Areas 4.1 Risk and opportunity governance	<p>Principle usage and definitions Under many of the practices linked to principles (i.e. 2.1; 2.2) we use the phrases: • Challenges and opportunity • Risk and opportunity • Opportunity and challenges • Opportunity and risks it not possible to use one i.e. opportunity and risk Risk and opportunity governance as same discipline The unintended consequences of adding opportunity to the term risk needs to be considered. Risk is defined as the impact of uncertainty on objectives (impact being both positive and negative). Risk management and the governance of risk allows for the articulation of parameters of deviation in respect to tolerance and appetite levels in organisations and always realigns back to high level strategy measurements. King IV thinking aligns risk with that of opportunity, which is not incorrect, but what the document does is just replace the word risk with that of risk and opportunity. The problem with this is that it inappropriately adds this to concepts of risk appetite and risk tolerance. However in theory cannot be the same measurement. In practice the discipline of which opportunities to take vs. which risks to mitigate follows different decision-making matrix. Guidance needs to be provided regarding the definition of opportunity in the context of material issues, creation of value as the current lack of guidance could result in stakeholder action, i.e. how do you hold governing bodies responsible for opportunities not documented, taken or acted upon. Pg 47 Committee for risk and opportunity governance • King IV practice – 63 recommends a majority of non-executive members • Recommend to</p>



replace appropriate mix of exec and non executive members at minimum chaired by non-exec

Pg52 Risk and opportunity governance

Specific comments on recommended Practices:

<3>The governing body should approve the nature and extent of the opportunities and risks that the organisation should be willing to take, and particularly:

☐ a. the opportunity and risk appetite, namely the propensity to take appropriate levels of opportunity and risk in pursuit of strategic objectives, and (refer to general comment above)

<8>The governing body should oversee the adequacy and effectiveness of opportunity and risk management, including:

Comment:• why is fraud risk management specifically mentioned – is it not more appropriate to highlight this under the ethics chapter

<10>There should be disclosure of the nature and extent of the opportunities and risks the organisation is willing to take, including how this is communicated to the organisation and embedded into its day-to-day, medium and long-term decision making, activities and culture

Comment:Disclosure of opportunities and or risk should be done without impacting on competitive advantage thus prejudicing that organisation

Principle usage and definitions

Under many of the practices linked to principles (i.e. 2.1; 2.2) we use the phrases:

- Challenges and opportunity
- Risk and opportunity
- Opportunity and challenges
- Opportunity and risk

Is it not possible to use one i.e. opportunity and risk

Risk and opportunity governance as same discipline

The unintended consequences of adding opportunity to the term risk needs to be considered.

Risk is defined as the impact of uncertainty on objectives (impact being both positive and negative). Risk management and the governance of risk allows for the articulation of parameters of deviation in respect to tolerance and appetite levels in organisations and always realigns back to high level strategy measurements. King IV thinking aligns risk with that of opportunity, which is not incorrect, but what the document does is just replace the word risk with that of risk and opportunity. The problem with this is that it inappropriately adds this to concepts of risk appetite and risk tolerance. However in theory cannot be the same measurement. In practice the discipline of which opportunities to take vs. which risks to mitigate follows different decision-making matrix.

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Pg 47 Committee for risk and opportunity governance

- KingIV practice – 63 recommends a majority of non-executive members
- Recommend to replace appropriate mix of exec and



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<p>PART 5CHAPTER 4: Governance Functional Areas 4.2 Technology and information governance</p>	<p>Pg53 Technology and information governance Specific comments on recommended Practices:<17> cyber-securityComment:Why the focus on cyber-security and not Information security. Cyber security is a subset of Information security we would recommend the replacement to Information security as it relates to all operations of business – whether physical or virtual, with a possible reference to cyber security.</p>
<p>PART 5CHAPTER 4: Governance Functional Areas 4.3 Compliance governance</p>	<p>(No response)</p>
<p>PART 5CHAPTER 4: Governance Functional Areas 4.4 Remuneration governance</p>	<p>(No response)</p>
<p>PART 5CHAPTER 4: Governance Functional Areas 4.5 Assurance</p>	<p>Pg57 AssuranceSpecific comments on recommended PracticesCombined assurance modelThe separation of third and fourth line of assurance is an unnecessary separation of assurance providers. The problem lies in how KingIV has defined and separated, i.e. internal auditors are often outsourced, so are safety auditors, etc.The creation of the fifth line of assurance – that of the governing body –unclear as to the role of the governing body – by current understanding, the body to whom assurance</p>



providers are accountable, and now per KingIV becomes an assurance provider as well. Need to expand the explanation to incorporate who the primary recipient of assurance is.

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

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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; and present 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	Agree (No response)
The document meets the King IV objectives	Agree (No response)
King IV is an improvement on King III	Agree (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.