



King IV Commenting Platform

Filled Sunday, May 15, 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:**

Mrs

***First Name:**

Carla

***Last Name:**

Clamp

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

Both

***Name of organisation:**

Grant Thornton

***Capacity within organisation:**

Director



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	General comment - We believe that there are some areas where practice notes are required on provide guidance on how companies can practically implement practices to achieve the outcomes in a number of areas.
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	<p>Part 1 Section 4.2 Integrated Thinking:• Integrated thinking should include the role of IT in the organization and the manner in which information and technology is used to enable an organizations responsive business model and leverage the digital opportunities to ensure sustainability and relevance in the market.</p> <p>Section 4.2 Sustainable development – the response:• The accelerated adoption of technology and automation will reduce the requirement of human involvement in business process and will therefore have a negative impact on the employment requirements in certain industries. Companies should take cognisance of the impact on the broader social economic environment and consider opportunities to create employment through the use of new technologies.</p> <p>Section 5.7: Technology and information – the Fourth Industrial Revolution:• To be successful your business needs not just to be resilient, but also to embrace a resilient culture. The technology that supports business operations should be agile enough to embrace the continuous changing</p>



PART 1: Introduction and Foundational Concepts | 5. Local and international developments since King III

market landscape and enable business to move at the speed of change.

(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	We think that this is a good idea to start discussion and provide more guidance regarding how to implement the practices in specific industries
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 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 5 CHAPTER 1: Leadership, Ethics and Corporate Citizenship 1.1 Ethical leadership	Chapter 1 – Ethical Leadership Ethics language: values, culture and character (pg. 5) – due to the various perceptions on culture, values and ethics throughout SA in different groups, industries, companies etc – a practice note should be considered to provide best practice in terms of ethical behaviour for our country and what is considered unethical. This is required to try and create a common culture. • This section should be values based, but we believe that the way it is set out lends itself more to a checklist assessment as it is difficult to assess ethics performance without relevant input from all key stakeholders. • More guidance is probably required in a practice note on how you are



<p>PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship 1.2 Organisation values, ethics and culture</p>	<p>able to measure/assess ethics effectiveness including how this is assessed over time as it takes time to implement: year 1 design measures adequacy, year 2 obtain feedback from key stakeholders on perceptions otherwise difficult to assess, year 3 assess effectiveness. Easy to get input from an employee assessment, but how do you get perceptions from all stakeholders to assess actual effectiveness and performance. • 1.3 Responsible Corporate Citizenship – under 13 we should also include product responsibility from development to marketing and sales, and the impact that new products with have on stakeholders including the environment.</p>
<p>PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship 1.3 Responsible corporate citizenship</p>	<p>(No response)</p>
	<p>(No response)</p>

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 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

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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	4.1 – Risk and opportunity governance• Recommended practices point 8 (p52) should include the opportunity risks relating to the advances in technologies and digitisation across business and societies
PART 5CHAPTER 4: Governance Functional Areas 4.2 Technology and information governance	4.2 – Technology and Information Governance• Principle:o Should include governing technology and information to support the sustainability of the organization in the future. • Recommended Practices:o 17: Should not be limited to cyber-security risk, as this is only a subset of the holistic information security landscape, which includes internal information security aspects. The recommended practice should rather state information security risk and not cyber-security risk. All the aspects listed is relevant to information security risks and should therefore remain and cyber-security should be replaced with information security risk.
PART 5CHAPTER 4: Governance Functional Areas 4.3 Compliance	(No response)



governance

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

(No response)

PART 5 CHAPTER 4:
Governance Functional
Areas | 4.5 Assurance

4.5 – Levels of Assurance – level 5 assurance refers to the Board, who is the oversight body. The Board and the Committees receive assurance from all other levels of assurance providers. Therefore how can the Board be seen as an assurance provider. If the argument is that the Committees do "work" on behalf of the Board, therefore providing assurance to the Board in their areas of responsibility, and the Board and the Committees provide assurance to the Shareholders and other stakeholders e.g. the regulators, then I suppose that I could buy in to the 5th line of assurance. However, I think that this needs to be documented in more detail to ensure that all readers have the same understanding.

4.5 – Assurance of reports -

- assurance on the underlying data in reports is valid and this is the assurance that is currently being provided. There are no standards in place to provide external audit assurance on the process for preparation of the report at this stage and we suggest that the IoD should start liaising with the audit standard setting bodies to define the standards for this type of audit.
- Providing assurance on future orientated information is also very difficult – how does one assess future information. It can probably be proven over time, but it is so dependent on a number of factors. You could probably look at how and why a company has decided on a course of action and strategy for the future, but providing assurance on an organisation's assumptions will require so many disclaimers that maybe not worth the paper that it is written on.

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.



We think that it does, the sector supplements are useful

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.

We think that this is a good addition and easily understood

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?

We believe so

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?

Based on experience with companies that we have worked with, we believe that companies would like the flexibility to appoint another Executive to the Board - the COO for example.

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?

We believe so



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.

Yes

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.

As discussed in the feedback. Please explain the 5th line of assurance in more detail.

I will help define the roles of the different assurance providers, but not so sure it will help coordination and alignment to be more effective.

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.)

Yes



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?

It is useful to remind those practicing governance to not only focus on downside risk, but may be a bit cumbersome to continue to write out in full all the time.

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.)

We believe so.

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 Short and to the point



The document meets the King IV objectives

Agree (No response)

King IV is an improvement on King III

Agree Less principles & more practices as guidance. Also the outcomes add perspective

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.