



King IV Commenting Platform

Filled Sunday, May 15, 2016

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

Yes



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Personal Details Section:

***Title:**

Ms

***First Name:**

Nomonde

***Last Name:**

Nyembe

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

An organisation

***Name of organisation:**

Centre for Applied Legal Studies

***Capacity within organisation:**

Attorney



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	<p>International Framework¹. For the sake of brevity this submission does not detail the entire international, regional and domestic framework for corporate accountability. It details only the instruments most relevant to corporate governance and therefore begins in 2011 when the Human Rights Council of the United Nations unanimously endorsed the UN Guiding Principles on Business and Human Rights ('UNGPs') prepared by Professor John Ruggie.² The UNGPs have three pillars: "Protect, Respect, Remedy". The first pillar, protect, speaks to the duty of the state to protect human rights. The second pillar, respect, speaks to corporations' responsibility to respect human rights. And the third pillar, remedy, demands that victims of human rights violations have access to a remedy. Significantly, the UNGPs are gender conscious in</p>



both their language and effect.³ However, displeased with the manner in which corporations were avoiding liability for human rights violations, the African bloc (including South Africa), through a statement by Ecuador, proposed that the international community consider the formulation of a binding instrument that would the governance gaps arising as a result of globalisation. The following statement was presented at the Human Rights Council session of September 2013: “Corporations reminds us of the necessity of moving forward towards a legally binding framework to regulate the work of transnational corporations and to provide appropriate protection, justice and remedy to the victims of human rights abuses directly resulting from or related to the activities of some transnational corporations and other business enterprises. The endorsement by the UN Human Rights Council in June 2011 of the ‘Guiding Principles on Business and Human Rights: Implementing the United Nations Protect, Respect, and Remedy Framework’ was a first step, but without a legally binding instrument, it will remain only as such: a ‘first step’ without further consequence. A legally binding instrument would provide the framework for enhanced State action to protect rights and prevent the occurrence of violations.”⁴ Nine months later, in June 2014, the South African government (along with the Ecuadorian government) submitted a resolution calling for the elaboration on a binding treaty which would impose legal liability on corporations under international law vis-a-vis human rights. South Africa then reconfirmed its commitment to corporate accountability in the African Union. Regional Framework⁵. Around the same time (July 2014) in the African Union, South Africa, along with a number of African countries, adopted the Protocol on Amendments to the Protocol on the Statute of the African Court of Justice and Human Rights (“the African Court”). The Protocol is ground-breaking in its reach with respect to corporate accountability, in that it does the following:^{5.1}. Defines a person as a natural or legal person, thereby extending the ambit of the African Court to include jurisdiction over the conduct of corporations;^{5.2}. Criminalises the following acts as a principle, co-principle, agent or accomplice: inciting, organising, directing, facilitating, or financing an offence in terms of the Protocol; and^{5.3}. Codifies the following crimes: Genocide, Crimes against Humanity, War Crimes, Corruption, Money Laundering, and the Illicit Exploitation of Natural Resources.⁶ Furthermore, at its 56th session in 2013, the African Commission passed a resolution on illicit capital flight. In it, the African Commission noted that:^{6.1}. Illicit capital flight by multinational corporations leads to the loss of billions of US



dollars every year;6.2. Africa is embroiled in a vicious circle of poverty, malnutrition, diseases and death because its revenue potential is being drained by multinational companies and individuals through exploitation of the loopholes and weaknesses of laws and of the monitoring system;6.3. without adequate resources the respect, protection and implementation of human rights will remain illusory;6.4. African Commission bodies are to study the impact of illicit capital flight on human rights; and6.5. States should examine their national tax laws and policies towards preventing illicit capital flight in Africa.7. The linkage between the actions of corporate entities and human rights is evident from this resolution and the obligation of the state to ensure tax law compliance for human rights' purposes by corporate entities is equally evident. The relationship between corporate tax non-compliance and human rights violations will be discussed further below. International and Regional Framework and the Draft King IV8. It is clear under both international law and regional law that corporate entities carry certain responsibilities. Those responsibilities relate to corporate entities interaction with human rights and include, but are not limited to, the gendered impact of corporations internally (i.e. within their operations) and externally (i.e. external to their operations). At the most fundamental level corporate entities may not violate human rights. At a more progressive level, they should advance, protect and fulfil human rights. Unlike what is contained in the Draft King IV, human rights, in international law is not a consideration or a reputational element but a responsibility. Therefore the Draft King IV should be amended to reflect this.9. It is also clear from the foregoing that in the opinion of South Africa, in international and regional spaces, corporate violation of human rights will no longer be tolerated. This move towards corporate accountability for human rights violations should be (and has in some ways been) reflected domestically in South African laws and policies.10. The following section details the extent to which human rights compliance by corporate entities has been incorporated into domestic laws and policies and suggests that this should be extended towards the Draft King IV. The Constitution and Case Law1. It is in this context that the South African Constitution was drafted. The Constitution embodies a departure from the manner in which government operated in Apartheid. It moved the South African state from one of parliamentary supremacy to one of constitutional supremacy. To this end, the Constitution itself provides that: "This Constitution is the supreme law of the Republic; law or conduct



inconsistent with it is invalid, and the obligations imposed by it must be fulfilled.”². The Constitutional Court confirmed the principle of constitutional supremacy in case of Affordable Medicines Trust. Further, regarding the supremacy of the Constitution in light of the duty on the courts to declare invalid any law inconsistent with the Constitution, to the extent of its inconsistency; the Constitutional Court said: “This commitment to the supremacy of the Constitution and the rule of law means that the exercise of all public power is now subject to constitutional control.”³. Therefore, firstly law must not be inconsistent with the Constitution. Secondly, law must seek to realise the objectives of the Constitution, and in so doing promote the human rights ideals of the Constitution. It appears therefore, that there are two levels to constitutional supremacy. This is further evidenced by the provisions of the Constitution which call for legislative measures to realise human rights. It is with this in mind that we suggest that the Draft King IV be amended to meet the standards of constitutional supremacy.⁴ Section 8(2) of the Constitution provides “that the Bill of Rights binds a natural or a juristic person if, and to the extent that, it is applicable, taking into account the nature of the right and the nature of the duty imposed by the right”. During the Certification judgment, the Constitutional Court articulated a complaint on the provision and dismissed it: “Objection was taken to this provision on the ground that it would impose obligations upon persons other than organs of state, that is, it permitted what has been referred to in South African jurisprudence and academic writing as the “horizontal application” of bills of rights. The objection was grounded, first on the basis that the horizontal application of fundamental rights is not universally accepted. That is so, but as stated above, the requirement of universal acceptance in [Constitutional Principle II] does not preclude the [Constitutional Assembly] from including provisions in the [Constitution] which are not universally accepted.”⁵ In so saying, the court accepted the premise that corporate entities’ responsibilities vis-a-vis human rights can go further than “respect” and extend towards positive duties of protection, promotion and fulfilment. However, in *Juma Masjid*, the Constitutional Court said: “It needs to be stressed however, that the purpose of section 8(2) of the Constitution is not to obstruct private autonomy or to impose on a private party the duties of the state in protecting the Bill of Rights. It is rather to require private parties not to interfere with or diminish the enjoyment of a right. Its application also depends on the intensity of the constitutional right in question, coupled with the potential invasion of that right which could



be occasioned by persons other than the state or organs of state’.”⁶ In All Pay, importantly, the court extended the principle of positive obligations to private bodies exercising public function.⁷ It follows therefore that under South African Constitutional law, corporations have both positive and negative duties. At the very least, corporations have the negative duty to respect human rights and ‘do no harm’. But, as appears from the Juma Masjid decision, they may have a positive duty depending on the constitutional right in question and, as appears from All Pay, corporations have positive duties to promote human rights where they perform state functions. Legislative framework⁸. Human rights obligations have been extended to corporate entities in a number of different statutes. Section 7(a) and (d) of the Companies Act stipulates that the purpose of the former is to “promote compliance with the Bill of Rights as provided for in the Constitution, in the application of company law” and to “reaffirm the concept of the company as a means of achieving economic and social benefits”. It is clear therefore, that the legislature intends for corporate entities to comply with human rights.⁹ To that end, the Companies Act demands that certain types of companies have social and ethics committees. The social and ethics committee must monitor the companies’ compliance with the 10 principles set out in the United Nations Global Compact Principles and environmental practices.¹⁰ The National Treasury also promulgated the Regulation to the Pension Funds Act. Regulation 28 incorporates human rights principles in that it imposes on pension fund trustees an obligation to consider environmental, social and governance factors when making investment decisions. These factors should be considered especially where they may materially affect the long term sustainable performance of the asset. In a memo released by the National Treasury it stated that the purpose of the regulation was to “align pension fund regulations with government policy objectives of socially responsible investment and transformation.”¹¹ More recently, the South African Parliament passed the Protection of Investment Act, 2015 (‘Investment Act’). The Investment Act is aimed at ensuring the protection of investors and their investments and to achieve a balance of rights and obligations that apply to all investors. Section 12 of the Investment Act affords the Government or any Organ of State the sovereign right to take regulatory measures to (i) redress historical, social and economic inequalities; (ii) uphold the human rights guaranteed in the Constitution; and (iii) achieve the progressive realisation of socio-economic rights.¹² In its submissions to the International Centre for



the Settlement of Investment Disputes during the Foresti dispute, South Africa argued that the mining legislation that preceded the Mineral and Petroleum Resources Development Act ('MPRDA') enabled human rights violations in private relationships. Thus the MPRDA, another statute in South African statute books, was promulgated to redress those human rights violations and to protect human rights in private relationships such as in the relationship between the mining company and mine affected communities. South African Domestic Framework and the Draft King IV¹³. As it currently reads Draft King IV stipulates that “[h]uman rights abuses (diminution of human capital) in the supply chain of an organisation may, for instance, affect the reputation (diminution of intellectual capital) of the organisation.” The Draft King IV also obliges corporate citizens to “ensure that the organisation is a responsible corporate citizen”. It provides that human rights, sustainable development and “compliance with legislation related to economic, social and environmental responsibility” is a corporate citizen consideration. Our reading of this provision implies that the Draft King IV treats human rights, sustainable development (a right in section 24 of the Constitution) and compliance with economic, social and environmental law as mere considerations. As has been set out in detail above, human rights are legal obligations in terms of international law, regional law and domestic law. They cannot merely be treated as considerations by corporate citizens.¹⁴ CALS therefore submits that the Draft King IV be amended to clearly state that human rights violations are not merely a reputational risk in the supply chain and human rights are not merely a consideration but a legal requirement in terms of South African law. A failure to comply with human rights under the law is tantamount to a failure to comply with fiduciary obligations under the law.

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	<p>The Need for Bindingness on Principles of Responsible Corporate Governance¹. It is accepted that the legal status of the Draft King IV is that of a set of voluntary principles and good practices of governance. The rationale is that the Draft King IV requires a holistic view on how applicable laws, binding rules, codes and standards relate to one another, including how corporate governance principles relate to relevant legislation. The drafting convention by the King Committee encompasses that ‘must’ denotes legislative provision and ‘should’ denotes recommendation. Therefore the corporate governance practices that are set out in the Draft King IV are recommendations for different categories of organisations and sectors.² The existence of such practices is essential in South Africa. Draft King IV states that in order to achieve growth and sustainable development (particularly in the combined economic, social and environmental South African context)—“those charged with governance will be stretched beyond their comfort zones and will need to entrench a broader vision and thinking if they want to be part of accomplishing this”.³ The Draft King IV therefore accepts that those who are in charge of governance need to respond accordingly to the dire need for growth and sustainable development, even if it means doing business differently or unusually. In this same</p>



context, non-compliance of legislation by organisations and sectors at large remain. Recent non-compliance of legislation include MTN's breach of the Mobile Number Portability business rules and regulations and Capitec Bank's non-disclosure of cash transactions in keeping with the country's Financial Intelligence Centre Act. In addition, the Department of Labour, following the release of the 2014 Commission for Employment Equity is taking over 1400 companies to court for the failure to meet employment equity targets. This is indicative that a large number of companies remain non-compliant with legislation aimed at social transformation and apartheid redress. This is also the case with corporate governance practices and principles.⁴ The Centre for Corporate Governance in Africa conducted research on governance in South African state owned enterprises and found that there was a lack of disclosure on submission of annual reports, budgets and corporate plans. The study further found that issues relating to compliance with legislation were well reported and details were provided on instances of non-compliance. A study on the corporate practice in South Africa demonstrates a substantial variation in rates of adaptation of individual recommendations. Bindingness and the Draft King IV⁵. The Draft King IV states that "A major challenge in implementing codes of corporate governance is that practices could be mindlessly adopted as if these were rules, resulting in corporate governance becoming a mere compliance burden". In the South African context as described above, there should rightfully be such a compliance burden. Compliance of practices (which CALS submits should be binding) does not necessarily equate to a lack of flexibility. Flexibility is inevitable because of the different working environments, different sectors and sizes and such flexibility does not necessarily equate non-compliance.⁶ One of the objectives of the Draft King IV is for the principles and practices to be implemented. Providing informed oversight of implementation and performance is one of the overarching responsibilities of the governing body of the organisation. CALS submits that in order for this objective to be met fully and for the responsibility to be fulfilled, the corporate governance practices set out in the Draft King IV need not merely be recommended practices but that the practices be by binding in nature. Further CALS submits that application of such practices should be disclosed.⁷ In addition, CALS submits that where a practice has not been applied by the organisation, an explanation needs to be disclosed and where the governing body is of the opinion that such an explanation is inadequate, that will amount to non-compliance. Further, in such circumstances of non-compliance, the governing body must impose fines



PART 3: Application of King IV 2. Scope of application of King IV	and/or report the non-compliance to the relevant officials in accordance to applicable laws.
	(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	<p>The Need for Broad Consultation¹. As all the King Reports that precede it, the final version of King IV is bound to be a framework that it used, and considered valuable by most members of South African corporate society. Given the significant role played by corporate entities in South African society, the final version of King IV will impact the method of operation of not only corporate governance structures but also other stakeholders like shareholders, employees, affected communities, customers, suppliers, regulators and the state. It follows therefore that all interested parties should be given the opportunity to engage with and comment on the document on which the final King IV will be based i.e. the Draft King IV.² Consultation is also a requirement in terms of South African law. The founding provisions of the South African Constitution states that our democracy is founded on the values of accountability, responsiveness and openness.³ On our research, however, it appears that the Draft King IV is only available for public comment through an electronic portal which is also a mechanism for submitting comments. It also appears to only be available in English despite the fact that English is only the mother tongue of 9.6% of the South African population.⁴ Consultation and the Draft King IV.⁵ CALS is of the view that the Draft King IV should not only have been made available online but should also be made available in platforms that allow for a participatory and consultative mechanism of engagement with the public and communities. This is precisely because in our experience and work with communities affected by investment and/or corporate governance we find that communities are not appropriately and meaningfully consulted in decisions that pertain to them or their land or resources.⁵ CALS</p>



submits that non-corporate stakeholders are material stakeholders and ought to be consulted via a broad robust and accessible participatory mechanism. This mechanism would include informing the public about the Draft King IV and why its development is vital in platforms such as television, radio and print media in their home languages together with reasons why it is important to have views from non-corporate stakeholders from a variety of different settings. This will go some ways in ensuring that corporate governance is viewed in manner that is mindful of intersectional identities of age, race, class, gender, ethnicity, sexual orientation and gender identity.

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	The Linkage between Illicit Financial Flows, Tax Avoidance and Human Rights1. Illicit financial flows ('IFF') cost the African continent more than US\$50 billion a year. IFF has been defined as:"Money that is illegally earned, transferred or utilized. These funds typically originate



citizenship

from three sources: commercial tax evasion, trade misinvoicing [sic] and abusive transfer pricing . . .”2. Tax avoidance, on the other hand, is defined as:“The legal practice of seeking to minimize a tax bill by taking advantage of a loophole or exception to tax regulations or adopting an unintended interpretation of the tax code. Such practices can be prevented through statutory anti-avoidance rules; where such rules do not exist or are not effective, tax avoidance can be a major component of IFFs.”3. The existence of tax havens and off shore accounts in various jurisdictions is mentioned in the Draft King IV, but there is no meaningful engagement on how corporate practices which include transferring company profits to off shore accounts, can be halted. Although, this is an arguable premise, the taxation model is what fosters the economic and social goals of a government. In fact, Draft King IV points out that inadequate infrastructure, service delivery failures, skills shortages, corruption, social transformation, poverty and inequality are pressing matters in South Africa. A common contribution by all stakeholders within the state is essential for the maintenance of the public resources and for the cost of public administration. This should be equitably distributed among all the citizens in proportion to their means.4. Tax avoidance and tax evasion strategies contribute directly to the rife and extreme inequalities that exist in states where transnational companies conduct their business. Through tax contributions government is able to provide goods and services which all its citizens can enjoy. The achievement of socio-economic rights can be linked to fair taxation practices. The provision of infrastructure, for example, facilitates certain rights such as the right to freedom of movement through the building of roads, the right to education through the financing of schools and the right to shelter through the provision of adequate housing. Tax avoidance therefore must be viewed as a human rights violation as opposed to merely non-compliance with a statute. This results in a loss of revenue for public expenditure programmes, and creates an increased reliance on external debt for developing countries.5. There needs to be greater support for the perspective that, the paying of tax forms part of responsible and ethical corporate governance and is a principle of ethical consciousness and corporate behaviour.IFF, Tax Avoidance and Draft King IV6. CALS opines that as a matter of principle, companies need to report one another for tax avoidance practices in pursuit of ethical behaviour and consciousness. This can possibly be incentivised by States, and implemented through the relevant taxing authorities. Large companies are vulnerable to reputational risk and they are also



concerned with their brand names and the dangers of falling afoul of the law, proper reporting mechanisms could be a deterrent to corporates who wish to avoid tax payment. As previously mentioned, the Draft King IV should clearly articulate that IFF and tax avoidance violate the notion of good governance and serve to prevent the realisation of human rights thus are a contravention of corporate entities responsibility to respect human rights.

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	(No response)



evaluations

(No response)

PART 5, CHAPTER 4: Governance Functional Areas

PART 5 CHAPTER 4: Governance Functional Areas

Add your comments for this part here:

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

(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.