



# King IV Sector Supplements - Public Commenting

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*Filled Friday, July 08, 2016*

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Welcome to the official King IV Sector Supplement public commenting platform. After you have downloaded and reviewed the draft King IV Sector Supplements here [if this link does not open, please copy and paste the following into your browser: [<http://iodsa.co.za/page/KingIVsectorsupp>], you will be able to enter your comments using this platform. This is the second phase of the public commentary process. Phase one invited comment on the whole of the King IV Report, bar the Sector Supplements. This platform will remain open in respect of phase 2 for two months from 11 May 2016 to 11 July 2016 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/KingIVsectorlibrary> 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:**

Almaree

**\*Last Name:**

Kleinhans

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

An organisation

**\*Name of organisation:**

Coronation Asset Management (Pty) Ltd in its capacity as an institutional investor

**\*Capacity within organisation:**

Company General Counsel



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## INTRODUCTION TO SUPPLEMENTS

### INTRODUCTION TO SUPPLEMENTS

Add your comments on the Introduction to Supplements here:

In reviewing each of the sector supplements, we welcome the explanatory section headed “Terminology” that appears in each of the sector supplements. The “Terminology” section of each sector supplement provides a useful guide as to how sector specific terminology should be aligned with the terminology used in King IV.

(No response)

However, we are concerned that the sections in the sector supplements setting out how certain recommended practices in the King IV code should be customised into specific recommended practices for each of the sectors leans towards a prescriptive approach.

(No response)

Furthermore, this customisation of recommended practices to specific sectors is unnecessary and detracts from the notion that the principles set out in the King IV Code apply across all organisations. Instead, the specific sectors should again simply be reminded to independently consider the best practices for achieving the principles in their particular organisation (see also in this regard, our responses in our previous submission on Part 2, section 2.1 of the King IV Code).

(No response)

## SUPPLEMENT FOR MUNICIPALITIES

### SUPPLEMENT FOR MUNICIPALITIES

Add your comments on the Supplement for Municipalities here:

(No response)



## **SUPPLEMENT FOR NON-PROFIT ORGANISATIONS**

### **SUPPLEMENT FOR NON-PROFIT ORGANISATIONS**

Add your comments on the Supplement for Non-Profit Organisations here:

(No response)

## **SUPPLEMENT FOR RETIREMENT FUNDS**

### **SUPPLEMENT FOR RETIREMENT FUNDS**

Add your comments on the Supplement for Retirement Funds here:

In our view King IV has overreached in relation to institutional investors such as Retirement Funds.

(No response)

King IV has no jurisdiction over institutional investors such as Retirement Funds nor is there a need for proposing recommended practices specifically in relation to Retirement Funds.

(No response)

Institutional investors, such as Retirement Funds, already have defined fiduciary responsibilities and are regulated through detailed and internationally recognised legislation and codes (such as CRISA) that further define their responsibility.

(No response)

As regards the principle proposed in 5.2 in relation to the role that Retirement Funds should play as shareholders, it is important to bear the following in mind: Ultimately at common law, shareholders do not owe a fiduciary duty to the company, and this is very strongly stated in recent case-law (e.g. *Living Hands (Pty) Ltd NO and Another v Ditz and Others* 2013 (2) SA 368 (GSJ)). Thus, any imposition of duties on a Retirement Fund in its capacity as a shareholder must be considered in light of that default position and with a view to not straying away therefrom more than necessary.

(No response)

Furthermore, given the objectives of CRISA and the legislation that governs Retirement Funds, there is no need to include the customised practices that appear in section 5 of the Supplement for Retirement Funds.



(No response)

It should be noted that the Codes are “living” documents that over time may be amended and enhanced – this may result in the CRISA and King IV differing in their recommended practices over time. King IV and the Supplement for Retirement Funds is silent on which Code would take precedence if there is such a conflict.

(No response)

If it is felt that there is a need to expand on the principles and contents established by CRISA, this should be addressed by amending CRISA itself. This will avoid confusion and reduce the risk of uncertainty where two codes purport to address the same matter.

If the Committee wishes to establish a linkage between King IV and CRISA, King IV should simply make reference to the fact that it supports and reinforces the principles and contents of CRISA (using wording along the lines set out in section 3 of the Supplement for Retirement Funds). In our view, the statement as contained in section 3 of the Supplement for Retirement Funds would be sufficient in itself to create such a linkage.

(No response)

In any event, as previously stated, we are concerned that the sections in the sector supplements setting out how certain recommended practices in the King IV code should be customised into specific recommended practices for each of the sectors leans towards a prescriptive approach.

(No response)

Furthermore, this customisation of recommended practices to specific sectors is unnecessary and detracts from the notion that the principles set out in the King IV Code apply across all organisations. Instead, all organisations should independently consider the best practices for achieving the principles in their particular organisation (see also in this regard, our responses in our previous submission on Part 2, section 2.1 of the King IV Code).

(No response)

## **SUPPLEMENT FOR SMALL AND MEDIUM ENTERPRISES**

### **SUPPLEMENT FOR SMALL AND MEDIUM ENTERPRISES**

Add your comments on the Supplement for Small and Medium Enterprises here:



(No response)

**SUPPLEMENT FOR STATE-OWNED ENTITIES**

**SUPPLEMENT FOR STATE-OWNED ENTITIES**

Add your comments on the Supplement for State-Owned Entities here:

(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.

Please provide comments supporting your rating and suggestions for enhancement.

The Sector Supplements provide adequate guidance and explanation of how the recommended practices in the Code could be customised to meet the situational specifics of the various sectors	Neither agree nor disagree	(No response)
The supplements illustrate the general approach to the application and interpretation of the Code in such a way that it enables users to formulate their own sound solutions to corporate governance challenges	Disagree	(No response)
The King IV Sector Supplements connect and reconcile the King IV Code and legislation applicable in the particular sectors	Neither agree nor disagree	(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.