



# KING IV

An update on the progress so far.

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**KING IV**



# KING IV- BETTER RULES NOT MORE

- Mixed reaction to news of King IV
- Realities of SA Governance landscape:
  - SOC's with acting CEO's
  - SOC's with suspended CEO's
  - Activist shareholders – negative voting
  - Corporate collapses
  - Executive pay

# KING IV- BETTER RULES NOT MORE

- Better brakes to go faster
- Corporate governance prerequisite for flourishing organisations (nimble)
- Non-profits and smaller business deem King III unachievable
- Viewed as expensive
- Many principles likely to fall away

# **KING IV: QUESTIONS AND ANSWERS**

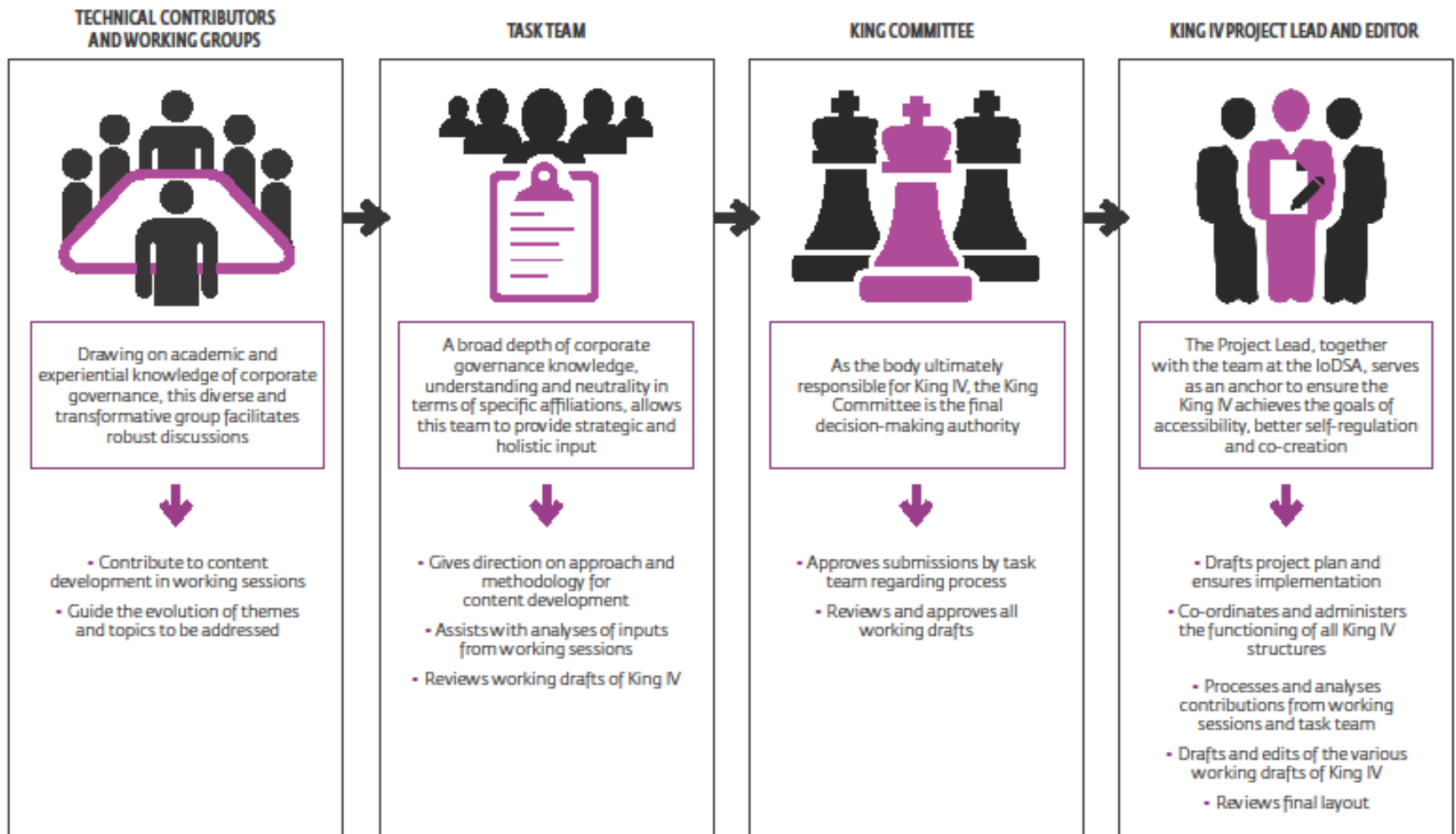
- **WHY HAS THE DECISION BEEN MADE TO UPDATE KING III?**
- **HOW WILL KING IV BE DIFFERENT FROM KING III?**
- **IN WHICH GOVERNANCE AREAS ARE CHANGES ENVISAGED?**
- **HOW WILL THE PROCESS BE DIFFERENT FROM BEFORE?**

# **KING IV: QUESTIONS AND ANSWERS**

- **WHAT ARE THE INTENDED TIMELINES?**
- **HOW IS THE IODSA INVOLVED IN THE REDRAFTING OF KING IV?**
- **HOW IS THE KING COMMITTEE INVOLVED IN THE REDRAFTING?**

# King IV - Governing Structures

Dedicated roles and duties provide for seamless facilitation, inclusive consultation and consistent approval processes



# First round around four broad themes:

- 1. Corporate Citizenship
- 2. Corporate Performance
- 3. Conformance
- 4. Stakeholder Relationships.



# Next rounds

- Second round -the broader themes were narrowed down to focus on specific matters highlighted during the first round of sessions.
- The third round of working sessions provided for involving the various sectors and regions

# Round 1: Topics

- Theme 1: Corporate Citizenship and Sustainability
- Theme 2: Corporate Performance and Value Creation
- Theme 3: Conformance (Board and Directors, Risk and Compliance)
- Theme 4: Stakeholder Engagement

# Round 2: Topics

- Topic 1: Driving corporate performance through risk integration, compliance and information governance and technology
- Topic 2: Optimising board structures, decision-making and group governance
- Topic 3: Value-creation through integrated thinking and reward systems
- Topic 4: Assurance that results in integrity of internal information and external communication
- Topic 5: Enhancing stakeholder relationships through integrated reporting and leveraging the Code for Responsible Investing in SA Output

# Round 2: Topics

- The topics –
  - Compiled from issues emerged round 1.
- The intention –
  - Matters be explored in more depth as far as the role of the board is concerned.

# Round 3: Sectoral sessions

- SMEs; NPOs
- Public Sector
- Pension Funds; Medical Schemes
  
- Discussions were organised to test the universality of the principles
- Come up with the practices that would facilitate application in each sector.
- More than one sector intentionally mixed to provide for cross-pollination of thinking and ideas.

# General

- The ***use of terminology seems to a be very contentious issue:***
  - culture vs ethics vs climate;
  - prudent control vs conformance vs risk consciousness vs balance;
  - corporate vs business vs entity vs organisation vs company;
  - corporate governance vs governance;
  - board vs leadership vs governing body vs council; and
  - legitimacy vs stakeholder relationships.

# General

- King IV scope: It became clear, that to only address the role of the board/governing body not sufficient to address full governance dynamic.
- Principles to be stated in passive voice and present tense? Intention is to address the role and responsibilities of the board and also that of shareholders and other stakeholders.

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