## KING IV

An update on the progress so far. Gert Cruywagen



# 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 ISTHE IODSA INVOLVED INTHE 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

#### TECHNICAL CONTRIBUTORS AND WORKING GROUPS



Drawing on academic and experiential knowledge of corporate governance, this diverse and transformative group facilitates robust discussions



- Contribute to content development in working sessions
- Guide the evolution of themes and topics to be addressed

#### TASK TEAM



A broad depth of corporate governance knowledge, understanding and neutrality in terms of specific affiliations, allows this team to provide strategic and holistic input



- Gives direction on approach and methodology for content development
- Assists with analyses of inputs from working sessions
- · Reviews working drafts of King IV

#### KING COMMITTEE



As the body ultimately responsible for King IV, the King Committee is the final decision-making authority



- Approves submissions by task team regarding process
- Reviews and approves all working drafts

#### KING IV PROJECT LEAD AND EDITOR



The Project Lead, together with the team at the IoDSA, serves as an anchor to ensure the King IV achieves the goals of accessibility, better self-regulation and co-creation



- Drafts project plan and ensures implementation
- Co-ordinates and administers the functioning of all King IV structures
- Processes and analyses contributions from working sessions and task team
- Drafts and edits of the various working drafts of King IV
  - Reviews final layout

# First round around four broad themes:

I. 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;
- Doard 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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