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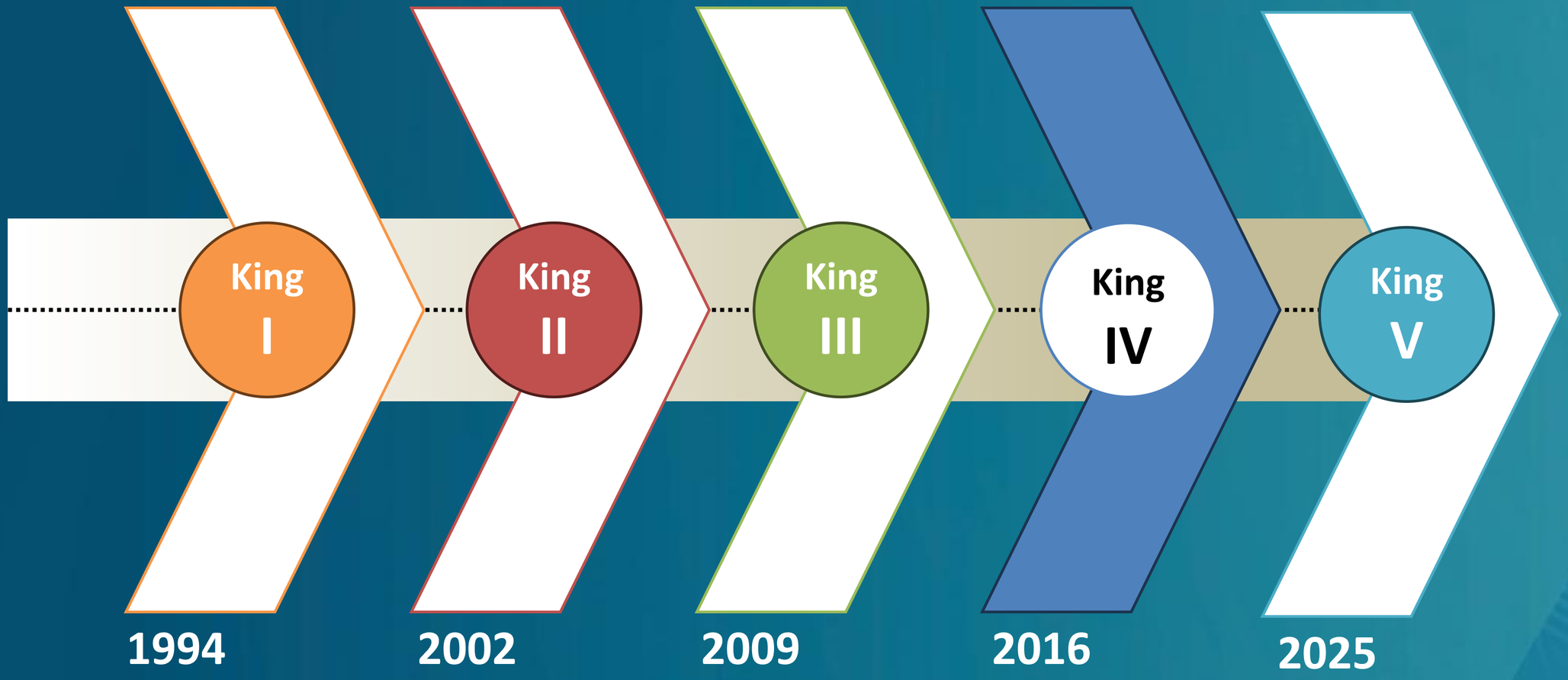
Introducing King V™ Code on Corporate Governance for South Africa

Kerrie Waring, DG CGI
Stephen Sadie, CEO CGISA, King Committee member
Elsabe Kirsten, Group CoSec, Old Mutual Ltd

Timeline of King Reports



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King V™* definition of governance

The exercise of ethical and effective leadership by the governing body towards the achievement of certain governance outcomes for the organisation within its economic, social and environmental context.

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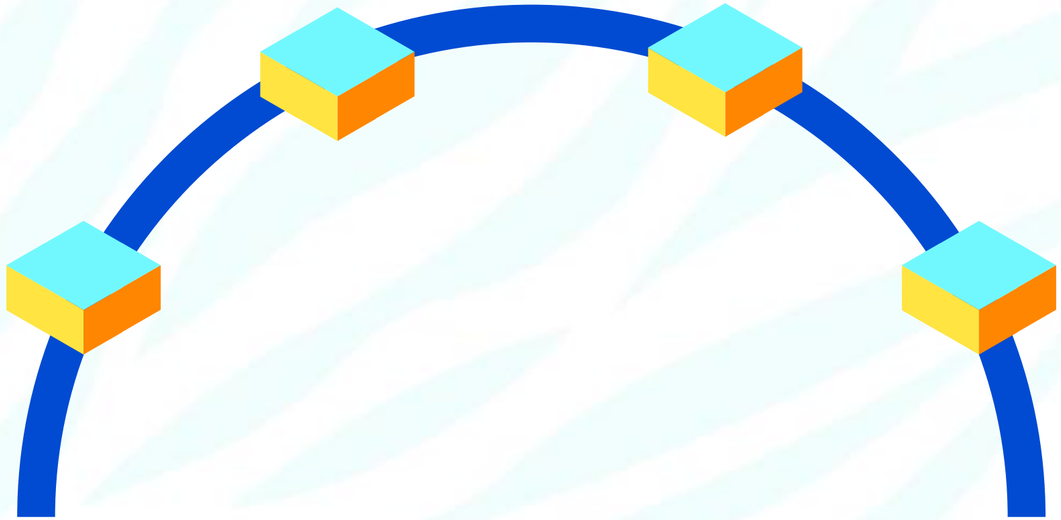
King V Report- 4 documents

King V Code

King V Glossary

King V Foundational Concepts



King V Disclosure Framework

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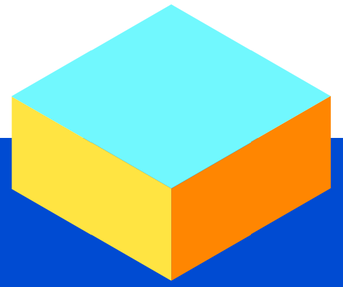
Structure of King V

4 Governance outcomes

13 Principles



Recommended practices

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Voluntary code - applies to a range of organisations

- company
- retirement fund
- non-profit organisation
- state-owned entity
- municipality
- medical scheme
- public higher education institution

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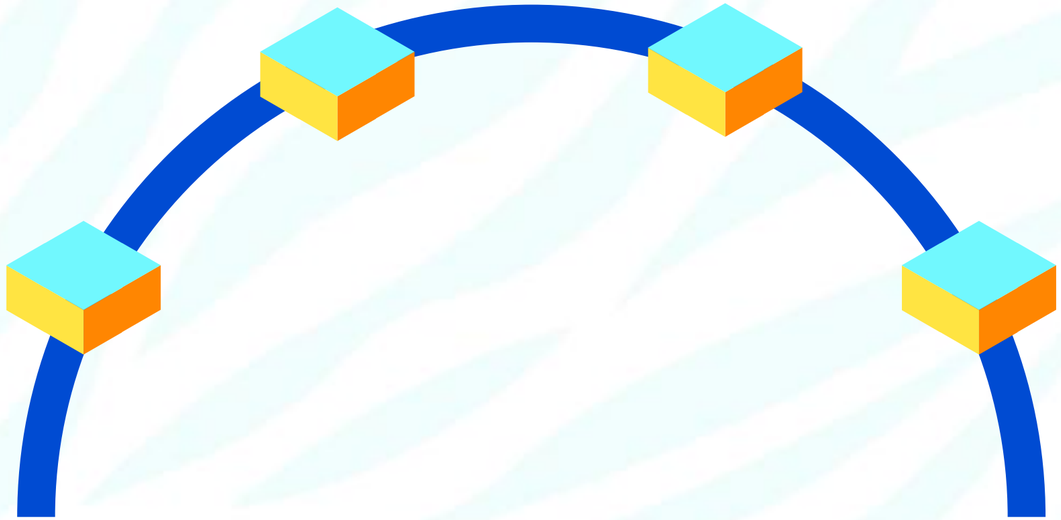
4 Governance outcomes

Performance & value creation

Conformance & prudent control

Ethical culture



Legitimacy

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Governance Outcomes

- **Ethical Culture:**

The shared values, beliefs and practices within the organisation that promote ethical behaviour and decision making.

- **Performance and Value Creation:**

Organisational performance that creates value in a sustainable manner within the organisation's economic, social and environmental context.

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Governance Outcomes

- ## Conformance and Prudent Control:

Adherence by the organisation to the spirit and intent of laws and the policies, non-binding rules, codes and standards as adopted by the organisation as well as the establishment of an effective system of internal controls and accountability mechanisms.

- ## Legitimacy:

The social license to operate that the organisation has acquired, in addition to its formal legal right or license to operate, through transparently demonstrating its trustworthiness and responsible corporate citizenship.

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Apply and explain

Same as King IV

Apply all the principles

Explain the recommended practices

Disclosure framework

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Disclosure framework

1. Disclose which practices not implemented and why
2. Shareholders, regulators can compare
3. Can track where you are, links to documents
4. Signed off by the governing body
5. Display on website

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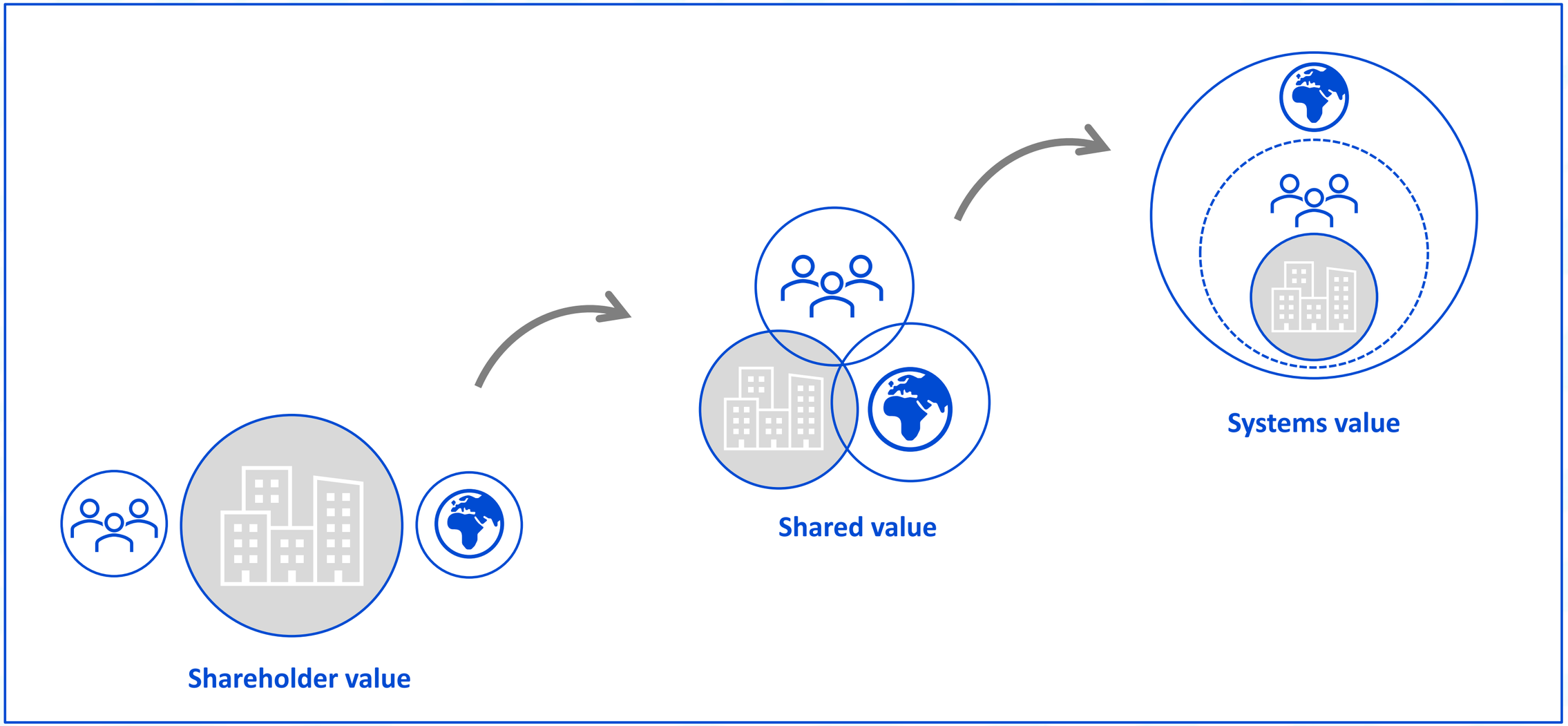
Evolution of perspectives on value creation



*Taken from King V™ Foundational Concepts, Pg 16

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Context

- Economic
- Social
- Environmental

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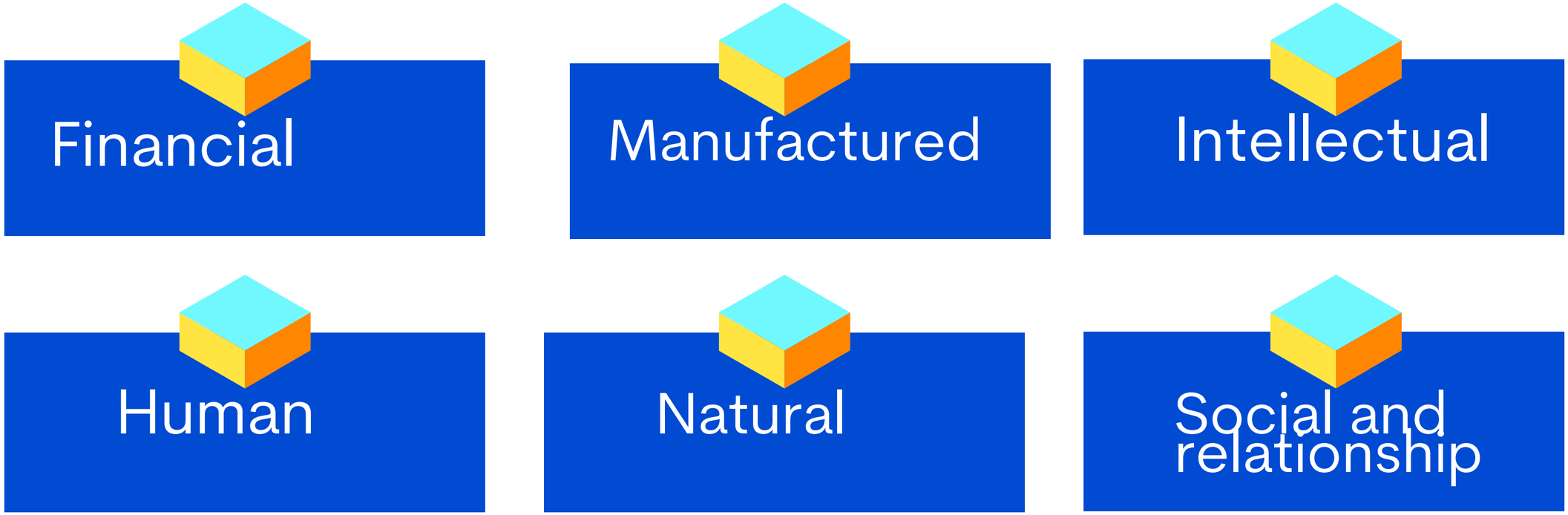
Integrated reporting – 6 capitals



Bird’s eyeview of King principles

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1. Ethical governance
2. Governance of ethics
3. Strategy, performance and sustainable value creation
4. Reporting
5. Composition of governing body

Bird’s eyeview of King principles

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6. Committees of governing body

7. Appointment and delegation to management

8. Risk

9. Compliance

10. Data, information & technology

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11. Remuneration

12. Assurance

13. Stakeholders

P7 - Role of company secretary

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- Professional and independent guidance
- Position is empowered with necessary authority
- Unfettered access and arms-length
- Report to governing body on statutory duties
- Competence, gravitas and objectivity

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Key takeouts

New – Technology Governance Elevated

Data and IT oversight: With digital transformation, King V expands board responsibilities for governing information and technology. This includes oversight of data management, cybersecurity, and the ethical use of emerging technology like AI. Boards are expected to ensure tech supports strategy and is managed with proper security and compliance measures.

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Implementation in practice

- A gap analysis is required against King V, specifically as to whether there are matters requiring a change in focus and/or enhancement.
- This gap analysis should be performed per practice as well as per related disclosure requirement.
- Changes required for King IV compliant companies are likely to be minimal but may require an update to governance artefacts such as Committee Terms of Reference/Mandates and Group Governance Frameworks.

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Thank you