



INTRODUCING KING IV

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INSTITUTE OF DIRECTORS
SOUTHERN AFRICA

AGENDA

1. Why King IV?
2. Introducing King IV
3. Retirement Funds Supplement
4. Process
5. Q & A

WHY KING IV?



INSTITUTE OF DIRECTORS
SOUTHERN AFRICA

GOVERNANCE DEVELOPMENTS

Board composition

Regulation

Risk

Technology **Auditors**

Assurance

Remuneration

Shareholder activism

Tax

Social and Ethics Committees

Reporting

KING III FOUNDATIONS

Leadership

Organisation
in society

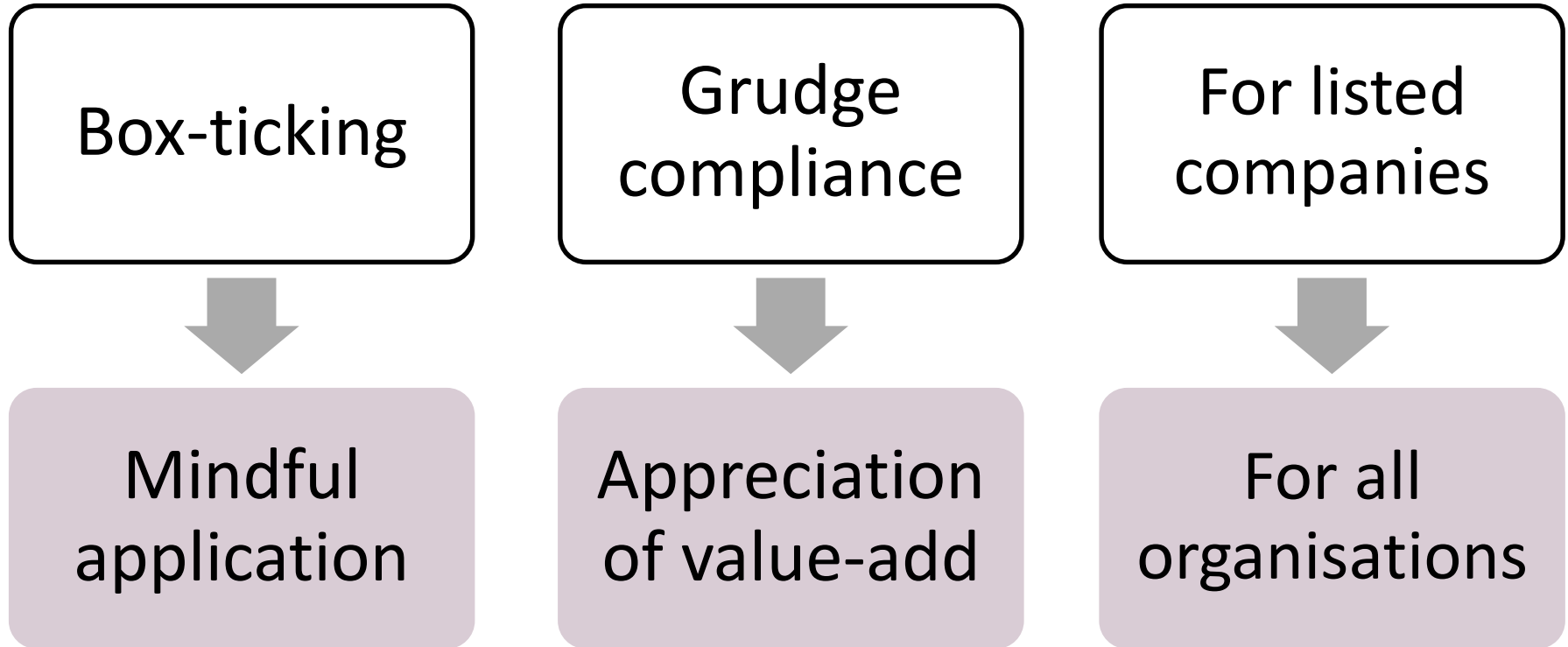
Corporate
citizenship

Sustainable
development

Stakeholder
inclusivity

Integrated
reporting

KING IV ASPIRATIONS



INTRODUCING
K IV



KING IV PARTS

1
Foundational
Concepts

2 Content
Elements and
Development

3 Application
of K IV

4 K IV ON A
Page

5 Code

6 Sector
Supplements

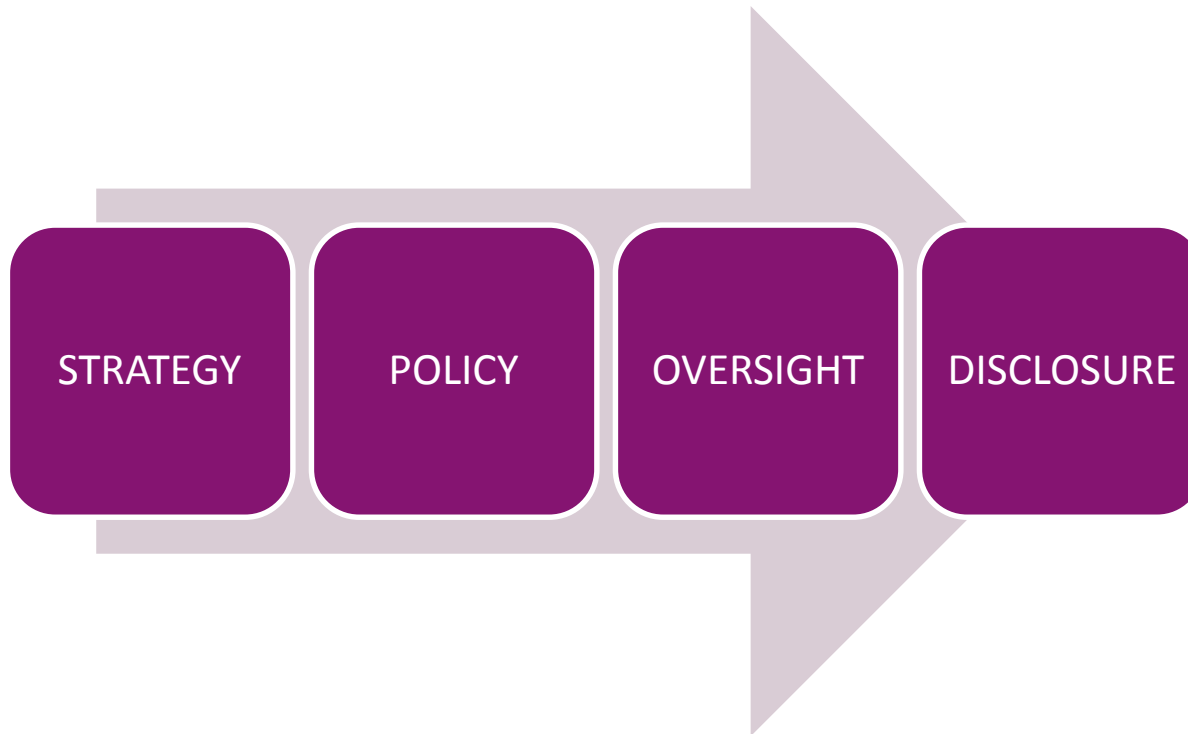
7 Application
Register

8 Glossary of
Terms

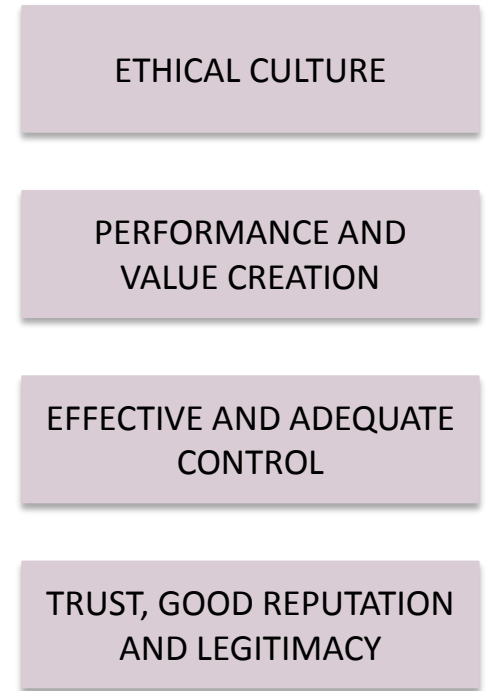
9 King
Committee

LENS FOR CONTENT DEVELOPMENT

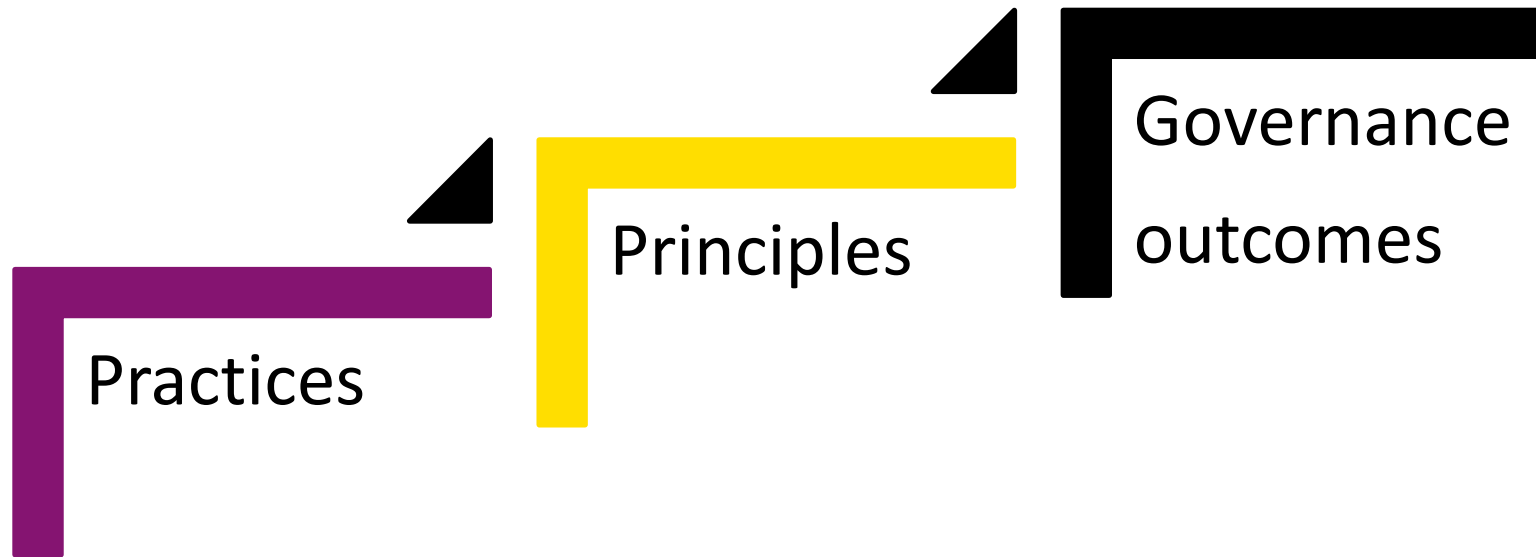
GOVERNANCE/ LEADERSHIP RESPONSIBILITIES



OUTCOMES



CONTENT ELEMENTS



WHAT SETS K IV APART?

Outcomes and norms driven

Concise and succinct

Caters for all organisations

From 75 principles to 16 + 1

Less prescriptive but more transparency

WHAT SETS K IV APART?

Generic Report with 5 Sector Supplements

- NPOs
- SOEs
- **Retirement Funds**
- SMEs
- Municipalities

EVOLUTION TO KING IV (1)

CHAPTER 1: LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

- Ethical leadership
- Organisational values, ethics and culture
- Responsible corporate citizenship

**ETHICAL
CULTURE**

EVOLUTION TO KING IV (2)

CHAPTER 2: PERFORMANCE AND REPORTING

- Strategy, implementation, performance
- Reports and disclosure

PERFORMANCE AND VALUE CREATION

VALUE CREATION PROCESS

Principle 2.1: The governing body should lead the value creation process ...



CHAPTER 3: GOVERNING BODY STRUCTURES AND DELEGATION

- Role of the governing body
- Composition of the governing body
- Committees of the governing body
- Delegation to management
- Performance evaluations

**ADEQUATE AND
EFFECTIVE
CONTROL**

EVOLUTION TO KING IV (4)

CHAPTER 4: GOVERNANCE

FUNCTIONAL AREAS

- Risk and opportunity governance
- Technology and information governance
- Compliance governance
- Remuneration governance
- Assurance

**ADEQUATE AND
EFFECTIVE
CONTROL**

EVOLUTION TO KING IV (5)

CHAPTER 5: STAKEHOLDER RELATIONSHIPS

- Stakeholders
- Responsibilities of institutional investor

**TRUST, GOOD
REPUTATION
AND
LEGITIMACY**

What does it
mean for
Retirement
Funds ?



RETIREMENT FUNDS

MACRO VIEW AND BENEFITS

- IMPORTANT PART OF INSTITUTIONAL INVESTOR INDUSTRY (VALUE CHAIN)
- IMPORTANT ROLE IN OVERALL SYSTEM OF GOVERNANCE – IMPACT BY HOLDING INVESTEE COMPANIES ACCOUNTABLE FOR GOOD GOVERNANCE

RETIREMENT FUNDS

SCOPE

- PENSION FUNDS
 - PROVIDENT FUNDS
 - PRESERVATION FUNDS
 - RETIREMENT ANNUITY FUNDS
- (AS DEFINED IN THE INCOME TAX ACT 1962)
- ANY OTHERS SHOULD STILL ALIGN

APPLICATION OF PRACTICES OUTCOME-ETHICAL CULTURE

PRINCIPLES (3)

- BOARD LEADS ETHICALLY
- ESTABLISHES ETHICAL CULTURE
- RESPONSIBLE CORPORATE CITIZEN
[REG.28 OF PENSIONS FUND ACT] [CRISA]

RETIREMENT FUNDS

APPLICATION OF PRACTICES CONT.

OUTCOME-PERFORMANCE AND VALUE CREATION

PRINCIPLES (2)

- RISKS AND OPPORTUNITIES, CORE PURPOSE, STRATEGY AND SUSTAINABLE DEVELOPMENT INSEPARABLE
- REPORTS ISSUED BY FUND ALLOWS STAKEHOLDERS TO MAKE AN INFORMED ASSESSMENT ,SHORT, MEDIUM AND LONG TERM PROSPECTS

RETIREMENT FUNDS

APPLICATION OF PRACTICES CONT.

OUTCOME-ADEQUATE AND EFFECTIVE CONTROL (GOVERNANCE STRUCTURES)

PRINCIPLES (5)

- BOARD, FOCAL POINT
- COMPOSITION
- DELEGATION TO COMMITTEES
- DELEGATION TO MANAGEMENT [OUTSOURCING AND CONFLICTS]
- PERFORMANCE EVALUATIONS INCLUDING COMMITTEES
CHAIR, PRINCIPAL OFFICER,

APPLICATION OF PRACTICES CONT.

OUTCOME :ADEQUATE AND EFFECTIVE CONTROL
(GOVERNANCE FUNCTIONAL AREAS)

PRINCIPLES (5)

- RISK
- TECHNOLOGY AND INFORMATION
- COMPLIANCE
- REMUNERATION
- ASSURANCE

[FSB PF130 CIRCULAR] [SHARED SERVICES MODEL]

RETIREMENT FUNDS

APPLICATION OF PRACTICES

OUTCOME: TRUST GOOD REPUTATION AND LEGITIMACY

PRINCIPLES (2) :

- DECISION MAKING IN BEST INTERESTS OF FUND (STAKEHOLDER INCLUSIVE APPROACH)
- BOARD ENSURES THAT THE FUND RESPONSIBLY EXERCISES ITS RIGHTS ,OBLIGATIONS AND LEGITIMATE EXPECTATIONS AS HOLDER OF BENEFICIAL SECURITIES OF A COMPANY [CRISA]

HOW ARE
WE GETTING
THERE?



INSTITUTE OF DIRECTORS
SOUTHERN AFRICA

Timeline



1 November 2016





THANK YOU





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