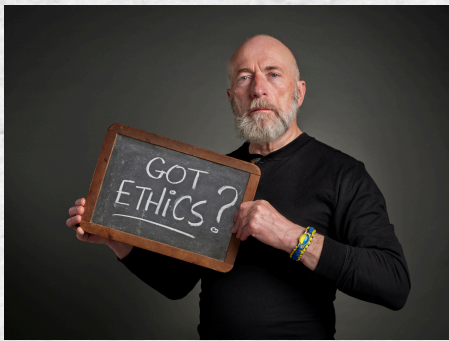


THE KING IV CODE



P1 - The governing Body (GB) should lead ethically and effectively.

Application:

- Assess your governing body for integrity, competence, Responsibility, fairness and transparency.

P2 - The GB should govern the ethics of the organization that supports the establishment of an ethical culture.

Application:

- GB to approve a code of conduct
- Code to address key ethical risks.
- Published and known by employees



P3 - The GB should ensure that the organization is and is seen to be a responsible corporate citizen.

Application:

- Operations complies with SA's constitution
- Values, strategy and conduct = Responsible
- Consider Workplace, Employees, Society and environment



P4 - The GB should appreciate that the organization's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Application:

- Consider triple context
- Consider needs of material stakeholders.
- GB to approve management set strategies.



P5 - The GB should ensure that reports issued by the organization enable stakeholders to make informed assessments of the organization's performance, and its short, medium and long-term prospects.

Application:

- GB to approve reporting framework
- GB ultimately responsible for reporting
- GB to ensure an annual integrated report is issued
- GB to approve materiality for reports.



P6 - The GB should serve as the focal point and custodian of corporate governance in the organization.

Application:

- Roles, responsibilities, membership requirements and procedural conduct = documented and regularly reviewed.
- GB to steer strategic direction.
- GB to approve policies on strategy
- GB to Ensuring accountability for performance through reporting
- GB to oversee and monitor managements execution of strategy





P7 - The GB should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.

Application:

- Majority non-executive independent members.
- Include the CEO and another executive (min)
- Periodic and staggered rotation of members.
- The chair should be independent

P8 - The GB should ensure that its arrangements for delegation within its own structures promotes independent judgement, and assists with the balance of power and the effective discharge of its duties.

Application:

- Audit C - Assess external assurance services + AFS integrity
- Nominations C - Nomination + Election + Succession planning + Performance evaluation
- Risk C - Oversight of risk
- Remuneration C - Oversight of remuneration policies
- Social and Ethics C - If required by law.



P8 - The GB should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

Application:

- GB determines approach.
- Independent Non-Exec to lead evaluation.
- Should be a GB approved formal process.
- Every 2nd year an overall performance meeting / retreat.



P10 - The GB should ensure that appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.

Application:

- GB to appoint CEO
- GB to formally review performance of CEO
- GB to set delegation of authority framework
- CEO not part of Remuneration / Audit / Nomination Committees.



P11 - The GB should govern risk in a way that supports the organization in settling and achieving its strategic objectives.

Application:

- GB to assess opportunities and risks associated with strategy
- GB to approve policy on set direction towards risk
- GB to set risk appetite
- GB to oversee risk management

P12 - The GB should govern technology and information in a way that supports the organization setting and achieving its strategic objectives.

Application:

- GB to approve Tech Policy.
- GB to oversee tech management
- GB to oversee information management.



P13 - The GB should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organization being ethical and a good corporate citizen.

Application:

- GB to set policy on compliance.
- GB to set provide oversight on compliance.



P14 - The GB should ensure that the organization remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Application:

- GB to approve remuneration policy (RP)
- RP = Attract, reward, retain human capital + Promote achievement of strategic objectives + Promote positive outcomes + Promote ethical Culture.
- GB to ensure a remuneration report is issued.

P15 - The GB should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision - making and of the organization's external reports.

Application:

- GB to ensure effective internal control, integrity of information, integrity of external reports.
- GB assumes responsibility for internal audit.
- GB to approve internal audit charter
- GB to approve and appoint chief audit executive.



P16 - In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organization over time.

Application:

- GB assumes responsibility for stakeholder relationships
- GB to oversee stakeholder relationship management

P17 - The GB of an institutional investor organization should ensure that responsible investment is practiced by the organization to promote the good governance and the creation of value by the companies in which it invests.

Application:

- GB to govern investing
- GB to approve direction on responsible investing



General Notes:

1. There is very little benefit in **memorizing** code and recommended practices. More time should be spent on application through questions.
2. Study approach: Learn to assess case studies for compliance as this is the main focal point of exam questions.
3. The study topic falls under corporate governance and ethics questions.
4. When a company is **Listed** then the King IV Code becomes **compulsory**.