



Thursday, 10 September 2009

King III Announced

“Governance in the past was about board effectiveness, currently it is risk management whilst the future of governance is King III” Lindie Engelbrecht of IODSA (Institute of Directors South Africa).

On the 8th of September Webber Wentzel in association with IODSA gave us a brief overview on the newly launched King III and the methodology and mindset behind creating it. The two most powerful messages, in my humble mind, was the fact that King III has taken an “apply or explain” approach and the fact that we in South Africa will now enter into an “All inclusive stakeholder environment”. The key question is what does this mean.

- a) Apply or explain effectively destroys the “tick the box” concept as was the norm in compliance and governance. This change in mindset from “do or else” is definitely aimed at giving governance a more positive approach. The part that I personally enjoyed the most was the fact that it now forces company officers and directors to actually **think** about every aspect of King III in their compliance. Thus not comply or explain, but “apply your mind and explain what and how you did it (each application will be different)”.
- b) It is an international governance standard that all stakeholders in companies are regarded as important in the business. However shareholders rights generally come first !!! The New Companies Act changes that all together. All stakeholders are now equal and their rights are protected in line with Constitution and the Bill of Rights.

Overall King III is not only a new international benchmark in corporate governance but also a progressive look at responsible directorship and elevating the position of directors into a more and more professional world.

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