

## Corporate Botswana is ready for Corporate Governance

Corporate governance is a set of rules and practices by which a governing board is supposed to ensure accountability, fairness and transparency in an organisation's relationship with its stakeholders. Corporate Botswana developed its own corporate governance code in order to address perceived gaps in the existing governance structures. This was mostly an adoption of the King III.

King III was replaced by the King IV Code in 2016. However there has been no change in our own Botswana corporate governance code and this article will point out a few significant changes that company leadership can adopt. The King Code is not legislative in nature and is based on practices and principles. The underlying philosophy of the code consists of the three key elements of leadership, sustainability and good corporate citizenship.

The King IV code entails that organisations are not only accountable for the economic bottom line but there exist a crucial need to think about the communal and ecological impacts and outcomes of their operations. King IV differs from King III by proposing the appliance of its principles within set timelines, reports and committees within its recommended practices. King IV leaves more up to the organisation to determine how to achieve legal compliance. The principle on compliance governance also deals less with risk but requires much greater disclosure in comparison to King III. Independent assurance on compliance is now voluntary. For the non-binding rules, King IV requires that organisations be more positive in truly complying with codes or standards that the organisation has adopted. King IV also requires organisations to create a much stronger culture of compliance with applicable laws.

Although the code is not enforced through legislation, our laws in Botswana have embodied the King IV principles. The Companies Act<sup>1</sup> sets the tone for the ethical culture of each company as Directors are implored to act in good faith and in the best interest of the company. This is in line with the first principle that the governing body should lead ethically and effectively. Various principles of the Report are covered in the Companies Act<sup>2</sup>, NBIFRA Act<sup>3</sup>, Botswana Stock Exchange Act <sup>4</sup>, Securities Act, Financial Intelligence Act and the Financial Reporting Act.

The legislative requirements means that Corporate Botswana cannot take Corporate Governance for granted anymore.

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<sup>1</sup> Section 130

<sup>2</sup> Section 129 (Principle 8) ; Section 493 (Principle 13); Section 315,130,201,209,216 ,218,219(Principle 5) Section 157 (Principle 14)

<sup>3</sup> Section 50 (Principle 1, 4, 7, 13); Section 52 (Principle 5); Section 53 (Principle 13); Section 69, 105 (Principle 5)

<sup>4</sup> Section 35 (Principle 13); Section 44 (Principle 5,12 & 17); Section 45 (Principle 5, 15); Section 46 (Principle 4); Section 70 (Principle 12, 13)