

Group activity



Use the passage below as guideline to write a policy document on the remuneration of directors for use by the Board of Directors

King IV recommends that the Board should ensure that remuneration is used as a tool to ensure that the business creates value in a sustainable manner within the economic, social and environmental context in which the company operates. To this end, the Board should establish a remuneration committee, the role of which is to recommend to the Board a fair and responsible companywide remuneration policy that promotes the creation of value in a sustainable manner. Pursuant to its outcomes focused approach, King IV does not go into great detail on the recommended practices for the remuneration committee as was done in King III. While King III required organisations to have an approved remuneration policy that is voted on by shareholders in the form of a non-binding advisory vote, King IV takes this further by stipulating the minimum requirements of the remuneration policy to be voted on.

Take the following into account:

- Compliance to the guidelines (Study Guide and Notes)
- Overall control of quality (relevance, fonts, pages, headings, covering the questions)
- Structure
- Significant Content (Focus, Insight and Comprehension):
- Introduction
- Definitions
- Ethical Issues
- Committees
- Guidelines
- Practical Examples (Application)
- Conclusion
- Sources (Review of literature – at least 10 references)

Show the use of the Internet and other resources, researching the Remuneration of Directors. The King III report will also be helpful in your research.

Your assignment should not exceed 12 typed pages. Title page, index, bibliography and annexures excluded. Content, approach and technical compliance make up the 100 marks (50+25+25 = 100)

A Few tips

The purpose of the module is to teach the student to recognize basic ethical and legal problems as well as how the law functions within a specific community. This knowledge will in some cases enable the student to anticipate and avoid problems during his/her professional life. To enable the student to achieve this objective the student will have to familiarise him/herself with certain principles and values during

the course. It is therefore of the utmost importance that students should, from the onset really delve into the subject matter.

It is unproductive and a risk only to start studying a few days before examination. The same applies to assignments. The rules pertaining to the various legal disciplines are closely related. A good knowledge of the study material already covered makes the succeeding study content easier to understand. It is also important that you should delve into the subject matter from the first contact session. It is important to prepare and to, after the completion of a specific module, ensure that the necessary revision has been done. Ensure that you have sufficient insight into specific subject matter. The examination and assignments test insight. Insight in itself is, however, not enough. Ready knowledge is of the utmost importance. It is therefore necessary that you should know the basic principles and should not rely on the handbook during examination. Try as far as possible to put the applicable rules of law into practice. Discuss such situations with your fellow students. Always think critically and take cognizance of the differently points of view about certain issues.

In closing: Every subject matter has its own terminology. It takes time to familiarise yourself with the terminology. It is therefore important that if and when you use specific terminology, you understand the content and application thereof.