



**What will a new governance measure that was launched this month do?**

Introduced by the Institute of Directors, the governance assessment instrument will measure how companies perform against the King 3 corporate governance report. This includes an evaluation of remuneration practices, accountability, risk, boards of directors and audit committees.

**What will change?**

Though King 3 integrates principles of governance, there is no generally accepted standard to measure how companies perform. This tool tells companies the extent to which they are structured for good governance using principles and recommendations contained in King 3, provisions of the Companies Act, and the JSE listing rules pertaining to governance.

**How does it work?**

The assessment is an automated web-based tool, piloted by the institute. It takes account of the relative impact that each of its 300 questions has on the overall governance.

**Will it cater to different types of organisations?**

The current module is developed for public and large private companies; however, different modules will be introduced within six months. They will cater to small businesses, the nonprofit sector, medical aid schemes, retirement funds and government entities.

**Razina Munshi**