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Lawyer draws up rules for global change

By Dina Medland November 7, 2013

The figure waiting patiently for me just inside the entrance to his London hotel is unassuming and almost easy to miss. But Professor Mervyn King is a giant in the world of corporate governance.

He began as a sensitive and intelligent young white South African who forged his career, at first as a lawyer, in a country experiencing the tensions of the apartheid system and the growing pressures for racial inclusion.

Fuelled by education, conversation, empathy and determination, his career expanded in scope until he became the governance kingpin at the heart of South Africa's corporate codes and now a global force for fundamental change in the way international companies do business.

A corporate lawyer, Prof King's latest role is chairman of the International Integrated Reporting Council, a body seeking to set internationally accepted standards for how organisations explain their behaviour.

He has been chairman, chief executive and director of several companies listed on the London, Luxembourg and Johannesburg stock exchanges. He has been involved at the most senior levels in governance and corporate reporting with the World Bank, the Global Reporting Initiative and the United Nations. His CV is long and weighty.

Born in 1937 in Johannesburg, he says he always wanted to study law. In South Africa this meant completing a second degree, and his love of music led him to choose to study history and theory of music.

His father was "a simple book-keeper" and so he worked as a waiter to pay his way through university. At the age of "about 18 or 19" he was the proud author of a thesis on Cooper, Gill and Tomkins, a company of organ builders, and the recipient of a music degree with distinction.

He spent a year enjoying lecturing on the history of music but then decided he had just wasted a year of his life. It was time to dispense with frivolity and before even reaching 20, he began his law degree, followed by a doctorate and a higher diploma in income tax at the University of the Witwatersrand.

Practising law in the lower courts first, he became a commercial lawyer and, after 10 years, a barrister.

In 1977, he was made the youngest judge on the Supreme Court of South Africa. Three years later, at the age of 43, he was the youngest supreme court judge in the world to resign. He took a principled stance on a series of anti-apartheid controversies and the abuse of allowances by judges.

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It was a career-changing moment. “When I resigned from the bench with one other judge, there might have been real change if more had followed,” says Prof King. But it did not happen. “And once a judge, always a judge – if you resign from being a judge, you cannot go back to the law,” he says.

It prompted him to begin building a portfolio career as a non-executive director on company boards – and made him realise how much he had to offer. “I had seen corporate life from both sides of the coin and it awakened my interest in governance,” he says.

His judicial rulings, followed by his resignation from the bench on points of principle, also displayed an essential element of governance – integrity.

By the end of the 1980s it was clear everywhere that corporate governance in business needed serious attention as corporate scandals were exposed. In the UK, a corporate governance committee was set up in May 1991 by the Financial Reporting Council, the London Stock Exchange and the accountancy profession in response to concerns about financial reporting and accountability. Chaired by Sir Adrian Cadbury, it called for improvements in standards of governance by means of a voluntary code of conduct.

In South Africa, Nelson Mandela was released from prison in 1990 and as the country embarked on change, the Johannesburg Stock Exchange, the country’s Institute of Directors and others sought a guide. “They said, ‘From a country of unequal opportunities we are going into a democracy and there are no guidelines on how to direct and manage – what do we do?’” says Prof King.

He had been in contact with Mr Mandela before his release from prison, and since 1981 had been chairman of Operation Hunger, whose mission was to feed children in rural areas, which brought more contact with the Mandela family.

But South Africa needed rules and when the call came from Mr Mandela asking him to chair a commission, Prof King could not refuse, even though he would not be paid. “Mr Mandela called and said, ‘How’s my favourite judge?’”

The King Committee and its 1994 report was regarded as being ahead of its time in adopting an integrated and inclusive approach to the business life of companies, embracing stakeholders other than shareholders.

By 2000, it was recommending that new governance guidelines be drawn up, leading to “King II”. Today, South Africa operates under “King IV”, drawn up by a group of people who have been a cohesive unit for 20 years. “Governance is an evolutionary process,” Prof King explains. “As companies change, so does the way we manage them.”

Prof King has consulted, advised and spoken on legal, business and corporate governance issues, received many awards, written *The Corporate Citizen* and, with Leigh Roberts, a South African accountant working with the International Integrated Reporting Council, has just published *Integrate – Doing Business in the 21st Century*.

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It concerns the “next big thing” in corporate governance – the need to change corporate reporting to reflect the impact of business on society, leading to better decisions.

“Looking at the connection between inputs and outcomes leads seamlessly to integrated reporting,” says Prof King. The IIRC has recently opened an office in London, and on December 5 will be issuing its framework on integrated reporting. The world will be watching.

The man who says he currently “lives on an aeroplane” is delighted to be playing a key part in the evolution of corporate governance. “The way you report influences how you behave as a business,” he says with passion.

Secret CV

What else might you have done?

I’ve never seen a blockbuster movie about an accountant – but there will be one. They need to think holistically how to create value as they are the people to whom business turns. I would have been an accountant.

Best career advice to others?

Anyone can make money. But it’s very fulfilling to make a difference.