



# King IV Commenting Platform

---

*Filled Monday, May 16, 2016*

## Page 1

Welcome to the official King IV Commenting Platform. After you have downloaded and reviewed the draft King IV Report here [if this link does not open, please copy and paste the following into your browser: [https://c.ymcdn.com/sites/iodsa.site-ym.com/resource/resmgr/King\\_IV/King\\_IV\\_Report\\_draft.pdf](https://c.ymcdn.com/sites/iodsa.site-ym.com/resource/resmgr/King_IV/King_IV_Report_draft.pdf)], you will be able to enter your comments using this platform. The public comment process takes place in 2 phases, the first of which invites comment on the whole of the King IV Report, bar the Sector Supplements. The Sector Supplements are to be subjected to public comment during phase 2. This platform will remain open in respect of phase 1 for two months from 15 March 2016 to 15 May 2016. Phase two of the commentary process, being commentary on the sector supplements, will be opened on notice. Commenting terms and conditions Please note that this process is open and transparent. All comments submitted will be available for public view at <http://www.iodsa.co.za/page/KingIVCommentLibrary> and NO anonymous comments are permitted. Comments received are added to the library for public viewing weekly together with the identity of the individual or organisation on behalf of whom the submission is made. Only comments submitted through this platform will be considered for the finalisation of the King IV Report.

Do you agree to the King IV commenting terms and conditions?

Yes



Page 2

**Personal Details Section:**

**\*Title:**

Ms

**\*First Name:**

Deborah

**\*Last Name:**

Flannery

**\*I am commenting on behalf of:**

An organisation

**\*Name of organisation:**

Woolworths Holdings Limited

**\*Capacity within organisation:**

Deputy Company Secretary and head of Governance



**PART 1: Introduction and Foundational Concepts**

**PART 1: Introduction and Foundational Concepts**

Add your comments for this part here:

Variable	Response
PART 1: Introduction and Foundational Concepts   1. Introduction	(No response)
PART 1: Introduction and Foundational Concepts   2. Objectives of King IV	(No response)
PART 1: Introduction and Foundational Concepts   3. King IV definition of corporate governance	(No response)
PART 1: Introduction and Foundational Concepts   4. The underpinning philosophies of King IV	(No response)
PART 1: Introduction and Foundational Concepts   5. Local and international developments since King III	<p>For the most part, we support the developments. Other than for expressing general support we wish to focus our submission on providing feedback to the King Committee on one aspect of the proposed Code that we specifically do not support. With reference to the example provided under 5.5 Social and ethics committees it is noted that "matters further explored in King IV are this committee's direction and oversight of the management of ethics (which is not addressed in the regulations to the Companies Act), as well as the socially responsible aspects of remuneration policy."For the first part, we do not believe that the social and ethics committee should have the proposed role of "oversight of the management of ethics". We believe this could potentially have the unintended consequence of the</p>



SEC usurping the ultimate oversight role played by the board. It could also likely result in duplication on the agendas, introducing an element of inefficiency which could frustrate the wider goal of ensuring overall board effectiveness. For the second part, refer to our response under Part 5, Principle 4.4 relating to remuneration. We believe that, as the King IV code proposes, the role and function of the social and ethics committee should simply be focused on upholding, monitoring and reporting on the management of the organisation’s ethics, on the organisation as a responsible corporate citizen and the organisation’s management of activities designed to promote sustainable development and stakeholder inclusivity.

## PART 2: Content Elements and Development

### PART 2: Content Elements and Development

Add your comments for this part here:

Variable	Response
PART 2: Content Elements and Development   1. Overview of the nine parts of the King IV Report	(No response)
PART 2: Content Elements and Development   2. King IV Code elements	(No response)
PART 2: Content Elements and Development   3. Sector Supplements	(No response)
PART 2: Content Elements and Development   4. Content development process	(No response)
PART 2: Content Elements and Development   5. Drafting convention	(No response)
PART 2: Content Elements and Development   6. Presentation features of King IV	(No response)

## PART 3: Application of King IV

### PART 3: Application of King IV

Add your comments for this part here:



Variable	Response
PART 3: Application of King IV   1. Legal status of King IV	(No response)
PART 3: Application of King IV   2. Scope of application of King IV	(No response)
PART 3: Application of King IV   3. Proportionality – appropriate application and adaption of practices	(No response)
PART 3: Application of King IV   4. Disclosure on application of King IV	(No response)
PART 3: Application of King IV   5. Transition from King III to King IV	(No response)

#### PART 4: King IV on a page

#### PART 4: King IV on a page

Add your comments for this part here:

(No response)

#### PART 5, CHAPTER 1: Leadership, Ethics and Corporate Citizenship

#### PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship

Add your comments for this part here:

Variable	Response
PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship   1.1 Ethical leadership	(No response)
PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship   1.2 Organisation values, ethics and culture	(No response)
PART 5CHAPTER 1: Leadership, Ethics and Corporate Citizenship   1.3 Responsible corporate citizenship	(No response)



## PART 5, CHAPTER 2: Performance and Reporting

### PART 5CHAPTER 2: Performance and Reporting

Add your comments for this part here:

Variable	Response
PART 5CHAPTER 2: Performance and Reporting   2.1 Strategy, implementation, performance	(No response)
PART 5CHAPTER 2: Performance and Reporting   2.2 Reports and disclosure	(No response)

## PART 5, CHAPTER 3: Governing Structures and Delegation

### PART 5CHAPTER 3: Governing Structures and Delegation

Add your comments for this part here:

Variable	Response
PART 5CHAPTER 3: Governing Structures and Delegation   3.1 Role of the governing body	(No response)
PART 5CHAPTER 3: Governing Structures and Delegation   3.2 Composition of the governing body	(No response)
PART 5CHAPTER 3: Governing Structures and Delegation   3.3 Committees of the governing body	(No response)
PART 5CHAPTER 3: Governing Structures and Delegation   3.4 Delegation to management	(No response)
PART 5CHAPTER 3: Governing Structures and Delegation   3.5 Performance evaluations	(No response)

## PART 5, CHAPTER 4: Governance Functional Areas

### PART 5CHAPTER 4: Governance Functional Areas

Add your comments for this part here:



Variable	Response
PART 5CHAPTER 4: Governance Functional Areas   4.1 Risk and opportunity governance	(No response)
PART 5CHAPTER 4: Governance Functional Areas   4.2 Technology and information governance	(No response)
PART 5CHAPTER 4: Governance Functional Areas   4.3 Compliance governance	(No response)
PART 5CHAPTER 4: Governance Functional Areas   4.4 Remuneration governance	<p>As noted under our Part 1 response, for the most part, we support the developments. Other than for expressing general support we wish to focus our submission on providing feedback to the King Committee on one aspect of the proposed Code that we specifically do not support. With reference to the recommended practice 34 set out under Principle 4.4 Remuneration Governance. We do not believe that the social and ethics committee should have the proposed role of “reviewing fair and responsible executive remuneration practices in the context of overall employee remuneration”. We believe this amounts to giving the SEC an implicit oversight role over the work of the remuneration committee, or could even potentially have the unintended consequence of the SEC usurping the ultimate oversight role played by the Board. We believe this proposed recommended practice would introduce inefficiency and duplication of governance oversight. If the intended outcome is to ensure that the perspective of the SEC on this aspect of remuneration policy is taken account of by the remuneration committee, we believe that can be achieved more easily and more effectively by an overlap of membership between the committees. We further believe that this proposed practice would introduce scope for potential conflict between the respective governance roles of the committees under their respective mandates. For example, and in particular given the focus on remuneration in King IV, the composition of the remuneration committee would ordinarily be geared to include skills and experience specifically oriented to designing and developing remuneration policy and practices, which is not necessarily true for the composition of a social and ethics committee</p>



membership. It would also likely occupy a duplication of the agendas and functions of both committees, introducing an element of inefficiency which could frustrate the wider goal of ensuring overall board effectiveness. We believe that, as the King IV code proposes, the role and function of the social and ethics committee should simply be focused on upholding, monitoring and reporting on the management of the organisation’s ethics, on the organisation as a responsible corporate citizen and the organisation’s management of activities designed to promote sustainable development and stakeholder inclusivity.

PART 5 CHAPTER 4:  
Governance Functional  
Areas | 4.5 Assurance

(No response)

## PART 5, CHAPTER 5: Stakeholder Relationships

### PART 5 CHAPTER 5: Stakeholder Relationships

Add your comments for this part here:

Variable	Response
PART 5 CHAPTER 5: Stakeholder Relationships   5.1 Stakeholders	(No response)
PART 5 CHAPTER 5: Stakeholder Relationships   5.2 Responsibilities of shareholders	(No response)

## PART 6: Sector Supplements

### PART 6: Sector Supplements

Content on Part 6: Sector Supplements will be published and opened for commentary during May 2016.

## PART 7: Application Register

### PART 7: Application Register

Commentary on Part 7: Application register will be addressed in the Comment Questions section, Question 10.





## PART 8: Glossary of Terms

### PART 8: Glossary of Terms

Add your comments for this part here:

(No response)

### Comment Questions (1-5)

#### Comment Questions Question 1 - Question 5

##### Question 1

The set objectives of the King IV Report are to: -promote good corporate governance as integral to running an enterprise and delivering benefits to it;broaden the acceptance of good corporate governance by making it accessible and fit for application by organisations of a variety of sizes, resources and complexity of strategic objectives and operations;reinforce good corporate governance as a holistic and inter-related set of arrangements to be understood and implemented in an integrated manner; andpresent good corporate governance as concerned with not only structure, policy and process but also an ethical consciousness and behaviour.To what extent would the draft King IV Report as it stands achieve each of these objectives?Please comment on how this could be optimised.

(No response)

##### Question 2

Part 2 of the draft King IV Report: Content Elements and Development, deals with outcomes, principles and practices. Clear differentiation of these content elements is key to reinforcing qualitative governance which is outcomes driven rather than about mindless compliance. Is the rationale and the difference between these content elements clearly explained? Please provide suggestions on how this could be further enhanced.

(No response)



### Question 3

King IV uses the broader form of address namely: 'organisations'; 'governing body'; and 'those charged with governance duties'. Does this make the King IV Report more broadly relevant to all organisations and sectors?

(No response)

### Question 4

The King IV Code recommends that as a minimum, the chief executive officer (CEO) and one other executive should be appointed to the governing body. Other than in King III, it does not specifically recommend the inclusion of the chief financial officer (CFO) as a member of the governing body. This allows flexibility for another executive to be appointed as a member of the board, depending on the nature and needs of the business. Would a recommendation specifically providing for inclusion of the CFO be more appropriate or is flexibility preferable in light thereof that organisations differ?

(No response)

### Question 5

Do the independence criteria in Chapter 3 of the Code provide clear and useful guidance for assessment of independence on a substance over form basis?

(No response)

### Comment Questions (6-10)

#### Comment Questions Question 6 - Question 10

### Question 6

Will the new disclosure and voting requirements on remuneration in Chapter 4 of the Code lead to increased transparency and more meaningful engagement on remuneration between organisations and their stakeholders? Please provide suggestions for further enhancement.

(No response)



### Question 7

King IV introduces in Chapter 4 of the Code, the 5 lines on assurance in the place of the traditional 3 lines of defence. It also expands on the implementation of the combined assurance model. Will this assist with more effective co-ordination and alignment of assurance? Please provide suggestions for further enhancement.

(No response)

### Question 8

The governing body as the focal point of corporate governance and is therefore the primary audience of the King IV Report. King IV requires the governing body of an institutional investor to ensure that the organisation exercises its rights as holders of beneficial interest in companies, responsibly. Does this principle establish the necessary linkage between King IV and the Code for Responsible Investing in South Africa (CRISA) so that governance is reinforced by all role players? How can King IV further reinforce responsible investing practices? (For access to CRISA go to [www.iodsa.co.za](http://www.iodsa.co.za).)

(No response)

### Question 9

King IV introduces 'risk and opportunity' governance to emphasise risk as being about uncertainty and the effect of it occurring or not occurring having a possible negative or positive effect on the organisation achieving its objectives. Is it useful to refer to risk and opportunity governance and will it reinforce it as a value-add rather than conformance exercise?

(No response)

### Question 10

The application regime of King IV is 'apply and explain' as opposed to 'apply or explain' in King III. The main difference between the application regime of King III and King IV is that application of the principles is assumed in King IV as they are basic to good corporate governance. Furthermore, the 75 principles in King III have been replaced with 17 principles in King IV. For the 'apply and explain' regime, explanation is required in the form of a high level narrative of the practices that have been implemented and the progress made in the journey towards giving effect to each principle. Will 'apply and explain' encourage greater transparency and qualitative? Should disclosure on King IV application be required to be signed off by the governing body? (For further



information on the application regime refer to Part 3: Application of King IV and to Part 7 for a template of the application register.)

(No response)

### Survey Questions

### Survey Questions

**How much do you agree or disagree with the following statements, please give a reason for your answer.**

You may need to scroll to the right to see all the options, depending on the size of the screen you are using.

	Why do you say that?	
The King IV document is easy to understand	(No response)	(No response)
The document meets the King IV objectives	(No response)	(No response)
King IV is an improvement on King III	(No response)	(No response)

**END**

**Have you added all the comments you would like to add? If not please click on the section you would like to add comments to. Once you have done this you may return to this page and submit your comments.**