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Introduction

The review of the King IV Report comes nine years after its publication. Over this period, the corporate governance landscape has evolved significantly, both globally and locally, becoming increasingly complex, unpredictable and volatile.

Among the most pressing developments is the growing impact of climate change which disrupts organisational operations through extreme weather events, supply chain instability and rising insurance and compliance costs. In response, stakeholder expectations around environmental accountability have intensified, prompting regulatory reforms and the introduction of new sustainability reporting standards, most notably by the International Sustainability Standards Board (ISSB) and the European Financial Reporting Advisory Group (EFRAG).

Concurrently, escalating geopolitical tensions and regional conflicts are undermining global trade and stability. Businesses face rising exposure to sanctions, export controls and fragmented regulatory regimes. Organisations must now embed geopolitical scenario planning into their strategic frameworks to remain resilient.

Another feature of the current governance landscape is the rapid pace of technological innovation which presents both opportunity and disruption. Emerging technologies demand new skills and adaptive strategies, yet many organisations struggle to evolve quickly enough, leaving them vulnerable to business model obsolescence and operational risk. At the same time, misinformation and disinformation – amplified by artificial intelligence and social media – pose reputational and societal risks.

Despite these challenges, new opportunities are emerging. Investment in climate resilience, food security and digital infrastructure creates pathways for public-private collaboration and other ways of systems value creation. The advancement of generative artificial intelligence (AI) and other transformative technologies offers significant potential for organisations that can navigate the associated ethical and regulatory complexities.

In South Africa persistent social challenges, including political fragmentation, unemployment, economic and education inequalities, as well as fraud and corruption have intensified calls for inclusive governance that prioritises social impact. Legislative reforms since King IV, notably the amendments to the Companies Act, reflect growing pressure on governing bodies and remuneration committees to address remuneration disparities and be accountable for executive remuneration. The enhanced role of social and ethics committees, as now envisaged in the Companies Act, further underscores the importance of corporate citizenship.

The King Committee is firmly of the view that the global and local conditions being faced by South African organisations necessitate a code of corporate governance that equips organisations to meet these challenges. To do so, the code should provide a robust framework for ethical and effective leadership and promote organisations going beyond compliance and demonstrating their commitment to long-term value creation and stakeholder inclusivity. It should support organisations in responding swiftly and decisively to emerging risks, opportunities and stakeholder expectations, while maintaining strategic coherence and adherence to ethical standards.

In this way, corporate governance becomes not just a set of rules, but a strategic tool for building resilience, maintaining credibility, attracting investment and contributing meaningfully to societal and environmental concerns in an era of transformational change.

These are the guiding aspirations for King V.

Objectives of the review and high-level changes

The revision of King IV was undertaken, in the main, to ensure alignment with significant corporate governance developments. This includes the recent and anticipated amendments to the Companies Act. The update also responds to global shifts in sustainability reporting, particularly the introduction of the ISSB standards and the European Sustainability Reporting Standards (ESRS).

Furthermore, in recognition of the accelerating pace of technological change, the principle and recommended practices relating to the governance of data, information and technology have been updated to reflect the demands of an information and digitally driven environment. Additional refinements in the Code include clearer criteria for determining the independence of governing body members and strengthened requirements for independent representation of members on risk, and social and ethics committees.

King V continues to uphold the foundational emphasis on sustainable value creation by organisations within the economic, social and environmental context that they operate. Notably, it now explicitly advocates for sustainability disclosures to be grounded in the concept of “double materiality”. Risk governance remains a cornerstone of organisational resilience, enabling organisations to navigate uncertainty and complexity by addressing both threats and opportunities.

A further key objective of the review was to enhance the interpretation and application of King V by simplifying its language and improving the flow of practice recommendations. Efforts were also made to improve the presentation and accessibility of the full suite of documents comprising the King V Report.

Importantly, the review introduced a standardised approach to the disclosure of the application of the Code. This aims to strengthen accountability and facilitate comparability across organisational disclosures, thereby supporting regulators, shareholders and other stakeholders in accessing and evaluating governance practices more effectively.

In summary, the review of King IV was guided by three overarching goals:

- To align the Code with evolving regulatory and governance developments.
- To simplify and clarify its structure and content.
- To standardise disclosure in support of accessibility, transparency and consistency.

Explanation of changes from King IV to King V

The following section provides a closer look at the key changes introduced in King V compared to King IV.

Presentation

To improve accessibility, logical flow and visual clarity, the King V Report (King V or the Report) is presented in a deconstructed format which replaces the single-document structure of King IV. This revised presentation enhances visibility and usability by separating the Report into distinct documents, namely **King V Foundational Concepts**, the **King V Code**, **King V Glossary** and **King V Disclosure Framework**. Each element is now directly accessible via a single webpage, eliminating the need to navigate through a consolidated document. Electronic links have been introduced to make navigation between the King V documents easier.

Given that the Code may now be viewed independently of the other documents, a preamble has been introduced in the Code to reference the conceptual foundations that inform its content (addressed in more detail in King V Foundational Concepts). This preamble serves both as a practical guide and a reminder of the importance of interpreting the Code within the broader context of its underlying concepts and philosophies.

While Foundational Concepts, the Code, Glossary, and Disclosure Framework are presented as standalone documents, it is essential to recognise that they are integrally connected. Together, they form a cohesive framework for giving effect to corporate governance.

The King V Report comprise the following documents:

1. King V Foundational Concepts
2. King V Code
3. King V Glossary
4. King V Disclosure Template

For proper interpretation and application, these should be understood as a cohesive framework for giving effect to corporate governance.

Simplification

The King Committee remains committed to promoting a deeper understanding of corporate governance and its value to organisations. A key aspect of this commitment is the ongoing effort to improve the accessibility and usability of the King V Report. To this end, the language and content have been simplified and streamlined in various ways.

Recognising the inherent complexity of technical material, deliberate steps have been taken to adopt plain language and minimise jargon wherever possible. Underpinning concepts and philosophies have been reviewed to ensure a coherent and logical flow of information and are encapsulated in King V Foundational Concepts. Similarly, the Glossary has been updated, with definitions refined for clarity and ease of interpretation.

With respect to the Code, the articulation of the principles has been simplified to enhance readability. In addition, the recommended practices under each principle were systematically reviewed to assess their relevance and necessity in supporting the objective set by the principle. Practices deemed essential to the application of a principle have been retained, while those considered supplementary were removed and earmarked for inclusion in future guidance papers.

Disclosure

To support effective and transparent disclosure, the King V Code is now accompanied by a dedicated King V Disclosure Framework (the Framework). The Framework sets out the required form and content for reporting on the application of King V. Notably, the recommended practices related to disclosure under each principle have been moved from the Code to be included in the Framework which marks a significant departure from King IV.

The primary purpose of the King V Disclosure Framework is to assist organisations in providing a meaningful and qualitative account of their implementation of King V. By standardising the format and content of governance disclosures, the Framework promotes greater transparency, consistency and comparability across organisations. Importantly, all disclosure elements that are relevant to corporate governance are now accessible from a single source.

In addition to supporting organisations in their application of King V, the Framework serves as a valuable resource for stakeholders – including shareholders, investors and regulators – who seek to understand how an organisation applies the principles and recommended practices of the Code. In this way the Framework strengthens the ability of society, markets and regulators to assess and hold organisations accountable on their governance.

Another change introduced through the Disclosure Framework is that organisations should explicitly state any practices not adopted. Such statements must be accompanied by a clear explanation of the reasons for non-adoption and the compensating measures implemented to ensure that the principle's objective is nonetheless achieved.

Furthermore, the governing body is expected to make a concluding statement on the realisation of the governance outcomes. These requirements for “disclosure by exception” and conclusion on the governance outcomes represent an enhancement over King IV and are intended to support informed assessments of governance quality.

The recommended practices that address disclosure under each principle have been relocated from the Code to the Framework. Given this, it is crucial to recognise that the use of the Framework is an inextricable part of giving effect to the Code. **Therefore, it is a requirement for any organisation that wishes to claim application of King V to use the Disclosure Framework and publish governance disclosures in accordance with its specifications.**

Key changes to content

Principles and practices

As part of the effort to enhance clarity and accessibility, several principles from King IV have been consolidated in King V. This consolidation was applied where multiple principles addressed related governance domains. For example, Principle 1 of King V now incorporates the former King IV Principle 6, which positioned the governing body as the focal point of corporate governance, and Principle 9, which addressed the evaluation of the governing body's performance. These elements are considered integral to the governing body's role in providing

ethical and effective leadership. Similarly, the concept of corporate citizenship, previously addressed under Principle 3 in King IV, has been subsumed under Principle 2 in King V thereby reflecting its close alignment with organisational ethics.

In a further structural refinement, Principle 17 from King IV, which focused specifically on institutional investors such as pension funds, life insurers and asset managers, has been excluded from King V. While Principle 17 aimed to link King IV with the Code for Responsible Investment in South Africa (CRISA), its limited applicability appeared to create confusion in practice. The King Committee has therefore opted not to include it in the King V Code and instead continues to advocate that institutional investors should apply both King V and the updated CRISA 2 principles and practices to achieve the intended outcomes of responsible investment and value creation.

As a result of all these adjustments, the number of principles has been reduced from 17 in King IV to 13 in King V.

Regarding recommended practices, it bears repeating that those practices not deemed essential to the application of a principle have been removed from the Code. Additionally, all practices related to disclosure are now included in the King V Disclosure Framework to streamline the Code and centralise reporting requirements.

To further support interpretation and implementation, recommended practices are now organised according to the overarching role and functions of the governing body:

- › Steering and setting direction.
- › Policy and planning.
- › Oversight and monitoring.
- › Accountability.

This structure provides governing bodies with a practical model for governing across all areas of organisational leadership.

Philosophical foundations

The philosophical foundations of King V remain as before. King V maintains that the best interests of the organisation should be understood as the long-term best interests of the organisation within its economic, social and environmental context as it was set out in King IV. However, experience has shown that this is often interpreted by organisations as identifying shared value opportunities in mutually beneficial areas where organisations' economic activities produce positive social or environmental effects. Although this is a step in the right direction, it is insufficient to effectively address the disruptive risks to organisations posed by the global decline in the resilience of socio-ecological systems.

King V clarifies that given that the organisation is embedded and surrounded by these systems, the long-term success of an organisation relies on the vitality and resilience of the socio-ecological systems around it. It is on this premise that it is in an organisation's own interest to create value for the systems within which it operates. The long-term best interests of an organisation should, therefore, always be interpreted with reference to the broader context of its surrounding systems.

Materiality of information for sustainability reports

Double materiality has been the implicit approach in King IV through its adoption of the concepts of corporate citizenship, stakeholder-inclusivity, the Ubuntu-Botho philosophy and the number of practices that recommended that the governing body assumes responsibility and accounts for the organisation's effects on the six capitals and the triple context consisting of the economy, society and the environment. These underpinning concepts also form part of King V which now definitively supports sustainability disclosure on the basis of double materiality. This means that an organisation should include in reports not only sustainability information about matters that significantly affect its finances and prospects (or are reasonably expected to do so) but also information about matters that impact its ability to create sustainable value for stakeholders over time.

The adoption in King V of double materiality is consistent with its position that the ability of an organisation to create value for itself, over the long term, is interrelated with the value the organisation creates, preserves or erodes for its stakeholders and the economic, social and environmental systems within which it operates.

Independence criteria for members of the governing body

The King V Code introduces important refinements to the criteria for assessing independence. Consistent with the approach adopted in King IV, the governing body is expected to evaluate all factors that may impair independence holistically on a substance-over-form basis when determining whether a non-executive member can be categorised as independent.

It is noteworthy that “independence”, as defined in the Glossary, is a broad concept which refers to “the exercise of objective, unfettered judgement”. The definition further expands: “When used to categorise a non-executive member of the governing body or its committees as independent, it means the absence of an interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to unduly influence or cause bias in decision making.”

The updated criteria now explicitly address relationships involving parties related to the member under evaluation. In addition, cooling-off periods have been clarified to provide additional specific guidance. Furthermore, the tenure of nine years as a member of the governing body has been incorporated as a factor to be considered alongside other relevant indicators, whereas in King IV it was treated separately.

These enhancements are intended to strengthen the integrity of independence assessments and reinforce the governing body’s role in ensuring objective and unbiased governance.

Committees

The notable changes to committees of the governing body in King V relate to the composition of the risk committee and the social and ethics committee. The revised practice recommendation now stipulates that each of these committees should comprise a majority of non-executive members, including at least one independent member. This represents a departure from King IV which required only a simple majority of non-executive members without specifying independence.

The updated recommendation introduces a more rigorous standard than that set out in the Companies Act with respect to social and ethics committees. While the Act prescribes certain requirements for these committees, it does not mandate the inclusion of independent members. Furthermore, the Act does not address the composition of risk committees, although other legal and regulatory provisions may be applicable depending on the nature of the organisation.

This refinement underscores King V’s commitment to promoting objective oversight and enhancing the integrity of governance structures through strengthened committee composition.

Data, information and technology

Rapid advancements in data, information and technology, driven by legal developments and the emergence of transformative innovations, have significantly reshaped operational context. Reflecting their growing importance to organisational strategy and oversight, this domain area has undergone the most substantial changes in the King V Code.

To support effective governance, the Code now treats data, information and technology as distinct yet interconnected fields. The recommended practices have been reorganised to focus on the specific governance objectives associated with each of these fields, as well as the identification, management and control of related risks.

The Code also addresses emerging, innovative and disruptive technologies. It is noteworthy that this encapsulates the various modes of deployment of these technologies within and by organisations, including their acquisition, development, use and distribution. Among these technologies, AI is specifically addressed, and the importance of clearly establishing accountability for decisions, actions, outputs and outcomes arising from AI systems are emphasised. In addition, the key values that should be applied by organisations in the deployment of AI are stated, namely ethics, human centricity, accountability, transparency, explainability, security, privacy, fairness and trustworthiness.

For clarification, it is added that in the context of AI, *transparency* refers to openness regarding the design, data sources and functionality of AI systems; *explainability* emphasises that one has to provide clear, understandable reasons for specific AI decisions or outputs. *Human centricity* refers to an AI approach that enhances human capabilities and is guided by fairness, justice and privacy with the aim of preventing harm and bias. Transparency,

explainability and human centricity are fundamental to the ethical deployment of AI, its trustworthiness and allowing for accountability, the identification of biases and errors as well as the enablement of users to understand, verify and even challenge AI-driven outcomes in regulated and general use.

Remuneration

In view of the reform in this area introduced by the amendments to the Companies Act, and in accordance with the King V drafting convention not to repeat legislative requirements, the practices related to voting have been simplified. Separate, non-binding advisory votes by shareholders on the remuneration policy and disclosure are recommended in a practice to the extent that voting is not provided for in the Companies Act (as is the case until the amendments become effective and, afterwards, for organisations that are not public or state owned companies).

This practice would also only apply to companies with enhanced governance and accountability requirements. For the purpose of the recommended practice, the threshold has been set at the level of companies that in terms of their public interest score must establish social and ethics committees. In this way the Code addresses the situation both before and after the amendments becoming effective.

Drafting conventions

In the section that follows, the drafting conventions assumed for King V are clarified to address some of the submissions received during public consultation and, generally, to assist with the interpretation and use of the Code.

King V and other standards

King V represents a guiding benchmark for how organisations should be governed. As part of the overall governance arrangements of an organisation, King V accommodates and provides for the consideration and adoption of other industry and reporting standards and frameworks. As such, King V and other standards and frameworks are complementary rather than competing.

Accordingly, King V is not intended to replace or serve as an alternative to sustainability or other reporting standards or the Integrated Reporting (IR) Framework. It does not provide a structure or metrics for disclosure, except in relation to the application of King V itself.

Furthermore, King V does not generally endorse specific sectoral or industry standards (with the exception of the IR Framework which reflects the historical evolution of integrated reporting from King III and the concept of integrated thinking introduced in King IV). Rather than prescribing particular standards, King V recommends in its practices that governing bodies consider and approve the use of the relevant standards and frameworks pertinent to the domain area of each principle. This approach reinforces the governing body's role in ensuring that adopted standards support the organisation's governance objectives and contribute to meaningful, transparent reporting.

King V and legislative developments

As part of the adopted drafting convention, the King V Code only restates legal requirements in limited instances when necessary for contextual relevance. As a rule, King V and applicable legislation should be read in conjunction. Where there is a direct conflict between King V and the law, the legal provisions take precedence. However, such instances are the exception. More commonly, legislation and regulation establish baseline requirements, while King V recommends practices that exceed those minimums, thereby encouraging governing bodies to aspire to higher standards of ethical and effective leadership.

This approach also allows for the King V Code to remain applicable even as laws change or new regulations are introduced since the practices set out in the Code have been formulated to reflect leading governance practices, irrespective of specific legal developments.

Contemporary corporate governance topics and concerns

The King V Code reflects the King Committee's continued commitment, already established in King IV, to engage with contemporary governance concerns primarily at a strategic level, rather than through prescriptive detail. Consequently, concerns such as the pace of change and instability in the operating environment, climate change, transformation and inequality are addressed in the Code within overarching themes. These thematic

considerations are invoked by references in the Code to “the economic, social and environmental context”, “the six capitals” and “resources and relationships”.

Governing bodies are encouraged to consider the broader economic, social and environmental context in which their organisations operate, including the significant risks and opportunities associated with it. The economic, social and environmental context provides the macro perspective but can be viewed from a more granular vantage point by employing the six-capitals model to identify the resources and relationships that the organisation relies on and affects. (For further detail on the economic, social, and environmental context, the six capitals and resources and relationships refer to King V Foundational Concepts.)

These thematic considerations are embedded throughout the principles and recommended practices of the Code. For example, climate change and other nature-related risks are not treated as a standalone issue but as a cross-cutting concern. It is integrated into the governance domains covered by the principles, including organisational ethics and corporate citizenship, strategic planning and performance measurement, reporting, risk and compliance, remuneration, assurance and stakeholder engagement. This approach reflects the principle of integrated thinking that underpins the philosophy of King V and applies equally to governance challenges other than climate change.

Note of acknowledgement

As chairperson of the King Committee, I wish to express my sincere appreciation to all who contributed to the development and finalisation of the King V Report.

First and foremost, I extend my sincere thanks to the members of the King Committee whose commitment and collaboration have been central to this process. The Committee comprises representatives from regulators, professional bodies and other organisations in the governance ecosystem, bringing valuable perspectives and expertise to the table. This diverse engagement has ensured that King V reflects the evolving governance landscape in South Africa and beyond. These members’ endorsements of King V also demonstrate widespread support and add to its authority.

A special word of gratitude is due to the members of the Advisory Group, the core working team of the King Committee, whose dedication, expertise and countless hours of deliberation were instrumental in shaping the final outcome. The members of the advisory group who assisted me with input on the drafting are Mohamed Adam, Bernard Agulhas, John Burke, Lindie Engelbrecht, Richard Foster, Michael Judin, Parmi Natesan, Lebogang Phaladi, Deon Rossouw, Vikeshni Vandayar, André Visser and Anton van Wyk.

We are also grateful to the many organisations and individuals who participated in the public comment process. Your participation has significantly enhanced the quality and relevance of King V. Please be assured that every submission was carefully considered. The Committee has prepared **thematic responses** to submissions.

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Finally, I wish to pay tribute to Prof. Mervyn King, the former chairperson of the King Committee, whose enduring wisdom continues to inspire the work of the Committee. King V stands firmly on the foundation of an extraordinary legacy.

Ansie Ramalho

Chairperson, King Committee on Corporate Governance for South Africa

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