

The King V Code: Reinforcing Outcomes-Based Governance

Corporate Governance & Regulatory Compliance Insight

November 2025

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Introduction

The King Code on Corporate Governance for South Africa is regarded as the benchmark for Corporate Governance in South Africa, outlining what constitutes ethical and effective leadership.¹ There have been several iterations of the Code, the most recent preceding version being the King IV Code of Corporate Governance for South Africa, 2016.

On October 31, 2025, the King V Code on Corporate Governance for South Africa 2025 (The King V Code) was released and published by the Institute of Directors, South Africa. It is scheduled to take effect from January 1, 2026, although early adoption has been encouraged.

The advent of the King V Code reflects a renewed commitment to advancing the development of good corporate governance practices. A key feature of the King V Code 2025 is that it not only updates its predecessor but also signifies a philosophical shift from compliance to outcome-based governance.² It is a timely response to emerging corporate governance issues and reinforces South Africa's commitment to building organisations on the principles of transparency, accountability, and ethics.

The philosophies of the King V Code revolve around sustainable development and value creation, as well as integrated thinking, which iterates that organisations are to actively consider the connectivity and interdependencies between the range of factors that may affect an organisation's ability to create value for itself such as economic, social, and environmental risks and opportunities, the capacity of the organisation to respond to shareholder interest and so on,³ while promoting an ethical corporate governance culture.

This piece will highlight the key innovations of the code, while also considering the impact on Nigerian Companies.

Overview of the King V Code on Corporate Governance for South Africa 2025

As is with the King IV Code, the King V Code is outcomes-based, ensuring that organisations move from merely implementing good corporate governance practices to ensuring that the implementation results in the realisation of the stated governance

1 Merlita Kennedy, Pooja Dela, "King V and the future of Corporate Governance in South Africa: Advancing ESG and Business and Human Rights" (Webber Wentzel, May 16, 2025) <<https://www.webberwentzel.com/News/Pages/king-v-and-the-future-of-corporate-governance-in-south-africa-advancing-esg-and-business-and-human-rights.aspx>> accessed November 6, 2025.

2 Ajogwu Fabian, "The New King V Code of Corporate Governance for South Africa 2025, A benchmark and lessons for Nigeria" (Business Day, November 5, 2025) <<https://businessday.ng/news/legal-business/article/the-new-king-v-code-of-corporate-governance-for-south-africa-2025-a-benchmark-and-lessons-for-nigeria/?amp>> accessed November 6, 2025.

3 Institute of Directors South Africa, King V Code on Corporate Governance South Africa 2025, [King V Code on Corporate Governance for South Africa 2025.pdf](#)

outcomes.⁴ Building on the 17 principles outlined in the King IV Code 2016, the King V Code streamlines the recommended corporate governance practices into 13 core principles.⁵

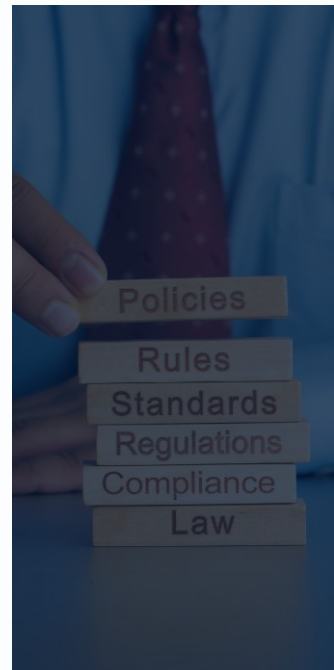
King IV's principles on ethical leadership (1) and the governing body as custodian (6) are combined in King V as a single Principle 1 on leadership. Principles on committees (8), management delegation (10), and performance evaluation (9), which were separate in King IV, are consolidated into King V's Principles 6 and 7. Reporting (4 and 5), risk (11), and technology governance (12), previously treated as individual areas, remain in King V as Principles 4, 8, and 10. Ethics and corporate citizenship (2 and 3) are merged into Principle 2, strategy and sustainable value creation (4) is now Principle 3, composition of the governing body (7) becomes Principle 5, and remuneration and assurance (13 and 14) are retained as Principles 11 and 12.

These principles are essential and foundational to sound governance and are universally applicable across all types and sizes of organisations.

Principle 1, on leadership, mandates that the governing body lead ethically and effectively, cultivating characteristics such as integrity, competence, and accountability. It also requires the governing body to evaluate its performance at least every two years. It further states that the governing body should ensure that these evaluations identify strengths and areas for improvement, as well as changes in composition and governance structures that continually enhance its performance.⁶

The ethics of organisations is addressed in **Principle 2**, which requires the governing body to promote an ethical culture and responsible corporate citizenship across the organisation. It requires the governing body to set the strategic direction and be responsible for the organisation's purpose, values, as well as for the impacts and outcomes of its activities and outputs, ensuring they align with responsible corporate citizenship. It also states that the governing body may, at its discretion, delegate its corporate citizenship responsibilities to the social and ethics committee, if one exists, in addition to any statutory duties that the committee may have.⁷

Good corporate governance practices, including the business model, strategy, performance, and sustainable value creation, that an organisation should adopt are discussed in **Principle 3**. It mandates that the governing body should set the direction



⁴ Mervyn King and Ajogwu Fabian, *Outcomes-Based Governance: A Modern Approach to Corporate Governance* (Juta & Co., 2020)

⁵ Principle of the King V Code on Corporate Governance for South Africa 2025.

⁶ The Performance Evaluation of the Governing Body was outlined in Principle 9 of the King IV Code.

⁷ Responsible corporate citizenship was outlined in Principle 3 of the King IV Code

and be accountable for the organisation, having established its purpose and the consequent realisation thereof through its strategy, business model, and performance. It also requires the governing body to review and approve an organisational strategy that reflects integrated thinking and considers the factors that significantly influence or may influence the organisation's ability to create value over time.

Good reporting practices that safeguard the integrity of reporting, enabling stakeholders to make informed assessments of how value is created, preserved, or eroded, are enumerated in **Principle 4**. It mandates the governing body to provide strategic direction and be accountable for the integrity of external reports issued by the organisation. It also mandates the governing body to ensure that the organisation issues an integrated report annually, and all external reports should be made public on the organisation's website. **Principle 5** of the King's Code emphasises a balanced mix of competencies, diversity, and independence to ensure objective decision-making. It mandates the governing body to be accountable for its balanced composition, nomination, election, and development of governing body members. It also stipulates that members of the governing body, collectively and individually, must be accountable for upholding independence in decision-making in the best interest of the organisation

Principle 6 ensures that there is proper delegation to committees of the governing body. It mandates the governing body to ensure sound governance through well-structured and accountable committees, including the Audit Committee, the Nomination Committee, the Risk Committee, the Remuneration Committee, and the Social and Ethics Committee. Good corporate governance practices for the appointment of a CEO and delegation to management are entrenched in **Principle 7**. It directs the governing body to be accountable for the appointment of the CEO, and where they do not have the authority to appoint the CEO, proactively engage with the party that has the power to make the appointment. It further directs the governing body to be accountable for establishing arrangements that provide it with access to professional and independent advice on its legal and corporate governance duties, as well as support for its effective functioning.

Principle 8 outlines best practices for Risk Management and oversight. It requires the governing body to provide strategic direction and oversee an effective organisation-wide risk management system. It can delegate risk responsibilities to a risk governance committee at its discretion. **Principle 9** mandates compliance with applicable laws and adopted standards in a manner that promotes ethics and corporate citizenship.

Principle 10 mandates the effective, compliant, and ethical management and control of data, information, and technology (including the use of emerging technologies such as artificial intelligence). The governing body is required to oversee policy implementation to realise benefits from data management strategies and provide strategic direction. It is also accountable for the ethical, compliant use of technology within the organisation. The standards for ensuring fair, responsible, and transparent remuneration practices are addressed in **Principle 11** of the King's Code. The governing body is to provide the strategic direction and be accountable for fair, responsible and transparent remuneration at all levels in the organisation.

Principle 12 emphasises the importance of assurance in corporate governance and explores combined assurance models that promote an effective internal control environment. The importance of stakeholders' engagement and involvement in an organisation cannot be overstated, and **Principle 13** obliges the governing body to adopt a stakeholder-inclusive approach in executing its duties, thereby maintaining the quality of relationships in the long-term best interests of the organisation.

Key Innovations in the King V Code on Corporate Governance for South Africa 2025

As stated above, the King V Code on Corporate Governance for South Africa 2025 builds on several principles stemming from its predecessor, the King IV Framework (2016). The code itself reflects shifts and transitions in stakeholder expectations, the evolving technological landscape, as well as general attitudes towards corporate governance. The notable innovations and additions to the King V Code include, but are not limited to:

- a. Technology Governance (including AI and Data Ethics).
- b. Strengthened Guidance on Ethics and Leadership.
- c. Expanded Disclosure Requirements.
- d. Increased Emphasis on Systems Value Creation.
- e. Clearer Provisions on Board Composition and Independence.

1.1. Technology Governance, AI, and Data Ethics

One of the most prominent highlights of the King V Code is the provision of recommended corporate governance practices that emphasise attention to technological governance.⁸ In response to the ever-evolving technological landscape, driven by the rise in AI usage, as well as the growing importance of

8 The King V Code on Corporate Governance for South Africa 2025, Principle 10

data protection measures and ethics, an increased emphasis on this area is welcome.

While the King IV addresses IT governance from a risk management perspective, ensuring that any risks associated with IT are adequately managed⁹, and the code mandates that the governing body ensure that information technology supports the overall strategy of an organisation. The King V Code expands on it as a strategic advantage for companies. Boards are now required to implement Cybersecurity measures to help protect technology assets and resources by means of setting and executing policies, as well as safeguarding data as a strategic asset.¹⁰

King V code introduces an explicit reference for Artificial Intelligence¹¹, a vital addition given the dominance of AI in this era. The code mandates human oversight of any algorithmic decision-making processes and transparency in the use of data¹². The ethical principles and digital practices of the organisation must also align with its operations and ethos, emphasising the ethical use of AI as a governance necessity.

Overall, the King V code recognises Technology Governance and Digital Ethics not just as a mere recommendation and guideline, but rather as an integral part of corporate legitimacy and value creation – the code requires the governing body of an organisation to oversee that the acquisition, use and distribution of emerging, innovative and disruptive technologies result in investment and deployment that creates sustainable value for the organisation from a socioeconomic perspective¹³. King V effectively reframes technology as a strategic enabler and driver of value creation and organisational legitimacy.

1.2. *Enhanced Disclosure and Transparency*

The King V Code recommends a standardised disclosure template and provides a detailed step-by-step process of the now-mandatory 'apply, explain and provide'¹⁴ approach, which differs from the principle-based nature of the King IV Code. Firstly, “apply” means that all organisations operating in South Africa should implement the recommended principles, followed by a justification for the non-adoption and/or modification of the recommended practices. Building on the King IV code, this should be followed by a concluding

9 The King IV Code on Corporate Governance for South Africa 2016, Principle 12

10 The King V Code on Corporate Governance for South Africa 2025, Principle 10

11 *ibid*

12 *ibid*

13 *ibid*

14 King V Code on Corporate Governance for South Africa 2025 – Disclosure on King V

statement on governance outcomes that states whether, in the governing body's opinion, the implementation of these practices has added value to the organisation within economic, social, and environmental contexts, and whether it has led to four specific outcomes: Ethical Culture, Performance and Value Creation, Conformance and Prudent Control, and Legitimacy.

The “apply, explain, and provide” model brings greater transparency and clarity regarding the practical implementation of the code, raising the standard of governance accountability.

1.3. *Ethics, Leadership, and Systems Value Creation.*

Like the King IV, the King V code maintains an emphasis on ethical and effective leadership as foundational concepts. However, the King V code expands these concepts by explicitly referencing the concepts of integrated thinking and value creation. Integrated thinking is defined as the recognition of the interdependence of an organisation's socioeconomic and environmental context. Accordingly, King V advises companies to actively consider the connectivity and interdependencies that may affect an organisation's ability to create value for itself.¹⁵

Furthermore, while King IV discussed the concept of “sustainable value creation,” King V re-envision this through a systemic lens, highlighting the impact and reliance organisations have on socioeconomic ecosystems. As part of its core philosophies, the governing body is therefore required to implement and approve strategies and business models that create overall *systemic value*,¹⁶ rather than merely focusing on shareholder returns. It upholds the general principle of stakeholder theory – that the categorisation of stakeholders goes beyond the shareholders of a company. This shift reflects global sustainability debates as well as South Africa's socio-economic priorities.

King V further expands on King IV's ethical provisions by introducing more detailed guidance for ethics programming, mandating that board-level approval of formal ethical policies, codes, and programmes, as well as the implementation of ethical risk assessments, be obtained. This includes the introduction of programmes to prevent and detect fraud, corruption, money laundering, and other unethical practices.

¹⁵ King V Code on Corporate Governance for South Africa 2025.

¹⁶ King V Code on Corporate Governance for South Africa 2025 – The Underpinning Philosophies of King V

King V also provides clearer guidance on “Organisational Ethics” as a core board responsibility.¹⁷ The King IV provided the principle of Organisational Ethics as a requirement for boards to govern the ethics of an organisation,¹⁸ approving ethics policies and codes of conduct. However, King V positions Organisational Ethics as an explicit responsibility of the governing body, as such Boards are required to actively steer and monitor ethical culture across the organisation.¹⁹ Governing bodies are now required to address the organisation's impact on internal and external stakeholders (societal and environmental considerations), ethical conduct, and outcomes arising from such, ensuring ethics are measurable and embedded in operations.

Additionally, King V clarifies the relationship between the board and the Social Ethics Committee. Previously, King IV recommended such committees, linking them to overall sustainability, corporate citizenship, and stakeholder engagement. King V emphasises that while boards may delegate ethical responsibilities to their respective communities, the governing body of a company bears the ultimate responsibility and accountability for Organisational Ethics. The governing body remains responsible for the organisation's overall ethical culture, direction, and oversight.

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1.4. Board Composition, Independence, and Governance Structure.

King IV already laid out the principles for an ideal board composition, comprising a majority of non-executive directors, as well as promoting the regular assessment of independence within the board.²⁰ However, the question of what constitutes independence was largely left open to interpretation for boards and directors, with independence primarily determined by their discretion.

In contrast, King V codifies a much clearer and stricter criterion for independence with the goal of enhancing objectivity, particularly in decision-making and overall board dynamics. To be considered

¹⁷ The King V Code on Corporate Governance for South Africa 2025, Principle 2

¹⁸ The King IV Code on Corporate Governance for South Africa 2016, Principle 2

¹⁹ The King V Code on Corporate Governance for South Africa 2025, Principle 2

²⁰ The King IV Code on Corporate Governance for South Africa 2016, Principle 7

independent, a member of the governing body must now have had a cooling-off period of at least three years before the former company directors are classed as independent,²¹ and a nine-year tenure rule after which independence ceases, thus removing the flexibility of the King IV provision to extend beyond nine years, subject to annual independence reassessments.²² King V also extends the independence requirements to those closely related to directors.

In addition to the requirements for an ideal board composition, King V retains these principles and advances them by mandating the need for demographic and experiential diversity, as well as the need for different levels or areas of competence, to navigate evolving and complex risks.²³ It also outlines mechanisms for staggered rotation and succession planning among the governing body, its respective committees, and key leadership roles.²⁴ This allows the company to evolve while simultaneously maintaining its institutional memory and established principles.

King V also innovates South African governance by pushing forward the nomination and development of board members. It explicitly allows the delegation of nomination responsibilities to a specified committee and enforces performance and merit-based factors in relation to re-election. It also encourages mentorship, induction, and continuous professional development.

Overall, King V marks a significant advancement in South Africa's efforts to update its corporate governance framework. It maintains the core principles and integrity of King IV while adding more layers to its provisions to better address the changing governance landscape, including challenges like digital transformation, sustainability, and stakeholder accountability.

Its more detailed and concise provisions emphasise a general shift away from standard recommendations and compliance checklists toward the creation of a complex, technology-driven, and interconnected system. Such a transition will test the adaptability and ethical commitment of governance in South Africa. Organisations that demonstrate compliance with the provisions of this code will benefit from stakeholder trust and legitimacy in an increasingly complex governance era, as well as the associated challenges of good and effective governance.

²¹ The King V Code on Corporate Governance for South Africa 2025, Principle 5

²² The King IV Code on Corporate Governance for South Africa 2016, Principle 7

²³ The King V Code on Corporate Governance for South Africa 2025, Principle 5

²⁴ *ibid*

Considerations for Nigerian Companies

The King V Code provides valuable points to consider for companies aiming to enhance governance and accountability. It goes beyond mere compliance and encourages organisations to show how good governance translates into tangible results. The following key points are especially relevant for Nigeria's corporate and regulatory environment.

a. *Build Governance on Cultural Values*

The King V Code is built on the South African philosophy of Ubuntu – the belief in shared humanity and mutual responsibility. Nigeria can draw on its own values of integrity, community, and fairness to shape a more relatable governance culture. Embedding these principles can make governance frameworks more authentic and easier for boards and stakeholders to embrace.

b. *Make Sustainability a Strategic Priority*

The Code considers sustainability and ESG as essential components of business strategy, not afterthoughts. Nigerian boards should follow a similar approach, ensuring that environmental and social risks are incorporated into strategic planning and performance evaluations. This involves moving beyond routine CSR projects to developing long-term strategies that address climate, resource, and community challenges relevant to their sectors.

c. *Oversight of Technology and Data*

The King V Code recognises the growing importance of technology and data governance. Nigerian companies need to establish clear policies on cybersecurity, data protection, and responsible use of technology, especially artificial intelligence. As digital innovation continues to expand, these safeguards are crucial for protecting customers, maintaining trust, and mitigating systemic risks.

d. *Promote Ethical and Competent Leadership*

The Code highlights the importance of ethical and effective leadership. Nigerian boards can adopt this emphasis by ensuring that directors are evaluated not only for technical skills but also for integrity, sound judgment, and accountability. This strategy can enhance board effectiveness and boost public trust in corporate leadership.

Conclusion

The release of King V Code 2025 guidelines marks a new dawn in South Africa's corporate governance landscape and serves as a call to action for other countries to facilitate the continuous improvement of their corporate governance frameworks.

Its advent simultaneously pinpointed major considerations, which should be noted for the revision of the Nigerian Code of Corporate Governance 2018 at all, such as the inclusion of principles on strengthening digital governance and oversight through the establishment of principles on cybersecurity and data protection, as well as making ESG a compulsory and strategic priority for all organisations, both in the public and private sectors.

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