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King V Code Analysis

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The Institute of Directors South Africa (IODSA) recently launched the fifth edition of Africa's leading Code on corporate governance, the King V Code. The aspirational King V Code, which came into effect on the 1st January 2026, comes amid corporate scandals, failures, and volatile geopolitical tensions, where the lines between business and politics are increasingly blurred.

The King V Code reconceptualises its definition of corporate governance, as "the exercise of ethical and effective leadership by the governing body, towards the realisation of the following governance outcomes for the organisation within its economic, social, and environmental context: ethical culture, performance and value creation, conformance and prudent control; legitimacy." All things being equal, implementing the recommended practices should support the achievement of the principles, which should result in realising the desired governance outcomes.

The Companies and Other Business Entities Act and the National Code on Corporate Governance, enunciate the duties of directors, as the fiduciary duty (duty of loyalty) to the company and the duty of care, skill and diligence, whose real-world implementation are the core tenets of corporate governance.

The Code is simplified and streamlined into separate components namely, the governance outcomes, principles (universally applicable), and the (mindfully adaptable) recommended practices.

The 13-principle voluntary Code is outcome-based, which implies that an organisation's quality of governance is evaluated on its results and not purely on implementation of the recommended practices. The Code, which addresses strategic and not operational concerns, emphasises that the recommended practices should not be implemented on a one size fits all approach, but interpreted, adapted and applied on a tailored, case-by-case basis, to achieve the desired governance outcomes.

The King V is underpinned by the ethics of Ubuntu-Botho philosophy of responsible corporate citizenry, stakeholder inclusivity, development, value creation coupled with integrated thinking, requiring decision-making which encompasses, holistic interconnections, between strategy, risk, capacity, performance, accountability, sustainability and integrated reporting.

Primarily designed for the governing body(board), the Code employs the mandatory "apply and explain" disclosure principles, requiring universal application, explaining the non-adoption or modification of the recommended practices, and an implicit double materiality principle, within a standardised disclosure framework.

The King V amplifies board independence, accountability, composition, expectations, with a stronger focus on director skills, capabilities, succession planning, disclosures, effectiveness, delegation of duties, fair remuneration, compliance with laws and policies, technology, artificial intelligence, and cyber governance.

The ***King V Code*** is an enhanced development, whose impact is likely to be a benchmark for corporate governance codes the world over.