Overview of King V and its relevance to leading organisations today

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- What is determining how we lead organisations today?
- King V Overview
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Introduction

Purpose of this session is to provide an overview of King V and consider some fundamental principles in relation thereto

Corporate Governance Journey

BUSINESSDAY
NEWS WORTH KNOWING

New breed of director needed after 'decade of stupidity', says King

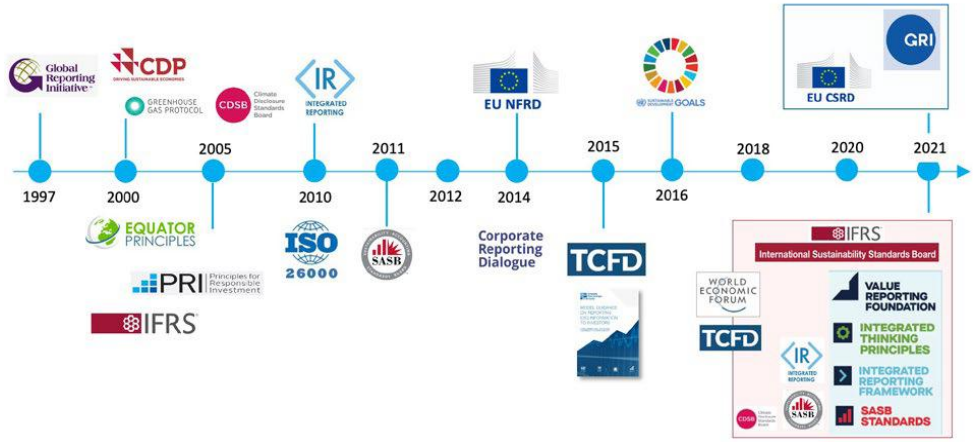
SANCHIA TEMKIN
Professional Services Editor

climate change, and the consump-tion of natural resources

"History will call the decade between 2000 and 2010 the decade

often compared to the conductor of an orchestra, but Mr King said

Richard Foster, chairman of the Institute of Directors in Southern



Dodge brothers case more than 100 years ago [Dodge v. Ford Motor Co]. 1919

Milton Friedman - that the social responsibility of business is to increase its profits provided that it acts within the law

1970

S 172 UK Companies Act 2006

Sustainability Reporting Frameworks [JSE Sustainability Disclosure Guidelines, JSE , 2021

Shell case 2021 (and 2024)

" Anti woke governance" 2025

(Ann M. Lipton)

Global Risks Short Term (2 y)

Source

World Economic Forum Global Risks Perception Survey 2025-2026

King V provides a holistic framework for leadership

- *"[T]his profound shift in the operating context of companies is rendering environmental, social, governance and data stewardship (ESG&D) considerations increasingly material to the fundamental purpose of companies – sustainable value creation. ….Such integrated corporate governance is the essence of stakeholder capitalism. It is what is required to give practical effect to the vision and principles articulated in the World Economic Forum's 1973 Davos Manifesto and, more recently, in a growing number of regulatory and voluntary frameworks around the world. "*
- [World Economic Forum White Paper in 2020 (Integrated Corporate Governance: A Practical Guide to Stakeholder Capitalism for Boards of Directors)]

King Codes

- King I: stakeholders – 1994
- King II: Integrated Sustainability Reporting – 2002
- King 111:Integrated Reporting, Corporate Citizenship – 2009,apply OR explain
- King IV : Ethical leadership and outcomes, apply AND explain – 2016
- King V – Continues underlying philosophy, Accessibility and simplicity, Disclosure Framework -2026

Objective of Review king IV

- Accommodate regulatory and other developments
  - AI and technology
  - Remuneration
  - Sustainability Reporting
  - Climate change discussions
  - Companies Act
  - Zondo Commission
- Simplify structure and content
- Standardise disclosure

Changes from King IV to King V

No significant deviations to underlying philosophy or structure

Presentation and accessibility

Streamlining content and language

Maintains structure

Disclosure framework

Revising principles (17 – 13) for simplicity

What is King V?

A set of voluntary guiding principles and leading practices for good corporate governance

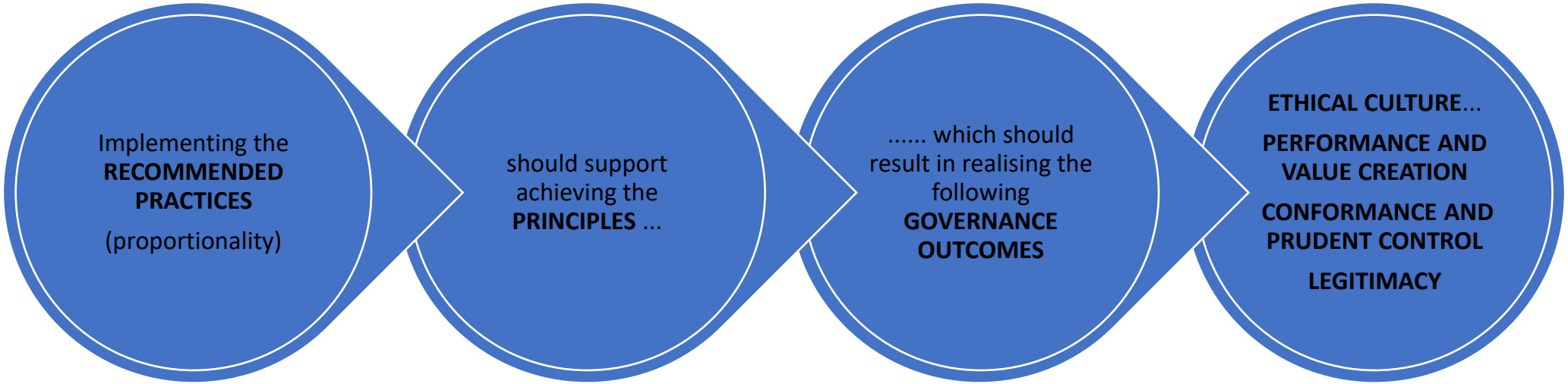
King Report Consists of:

Foundational Concepts	King Code	Disclosure Framework	Glossary

Principles

LEADERSHIP	PRINCIPLE 1: Leadership [LEADING SELF] PRINCIPLE 2: Ethics [LEADING THE ORGANISATION] PRINCIPLE 3: Strategy, performance and sustainable value creation [LEADERSHIP IN SOCIETY]
ACCOUNTBILITY AND ENGAGEMENT	PRINCIPLE 4: Reporting PRINCIPLE 13: Stakeholders
STRUCTURE AND PROCESS	PRINCIPLE 5: Composition of the governing body PRINCIPLE 6: Committees of the governing body PRINCIPLE 7: Appointment and delegation to management
SPECIFIC GOVERNANCE AREAS	PRINCIPLE 8: Risk PRINCIPLE 9: Compliance PRINCIPLE 10: Data, information and technology PRINCIPLE 11: Remuneration PRINCIPLE 12: Assurance

Building Blocks based on Outcomes



Disclosure on King V

Apply and explain regime

The application and disclosure regime for King V is "apply and explain". To assist with an easy grasp of apply and explain, it is depicted in the table below in relation to the principles, recommended practices and governance outcomes:

Apply principles universally.	**Explain** non-adoption or modification of **recommended practices**. **Provide a concluding statement on the governance outcomes**, specifically on whether the application of the King V principles and the implementation of its recommended practices, in the opinion of the governing body, are considered to have realised value for the organisation within its economic, social and environmental context in accordance with the stated governance outcomes: Ethical Culture; Performance and Value Creation; Conformance and Prudent Control; Legitimacy.

Given that the *principles* in King V are viewed as essential and foundational to sound governance and, therefore, universally applicable to all organisations, continual effort to attain the objectives as set by the principles is assumed. Consequently, when organisations disclose on their application of King V, they need not use the binary

King V
Key features

- Definition of corporate Governance
- Ethical and Effective Leadership
- Mindful application
  - Outcomes
  - Proportionality
- Integrated thinking
- Value creation

Definition of corporate governance

ethical and effective leadership
outcomes
integrated thinking

- ".. For the purposes of King V, is defined 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 "
- Moves away from the notion of it being "internal" and "administrative"

Ethical and effective leadership

In looking for people to hire, you look for three qualities: integrity, intelligence, and energy. And if they don't have the first, the other two will kill you." – Warren Buffett

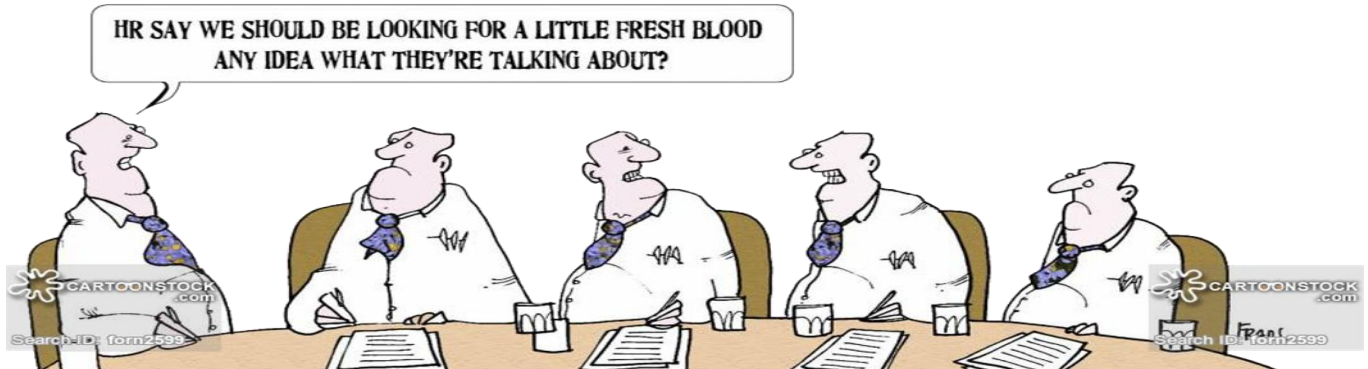
- Authority or position does not mean leadership.
- "...leadership must be measured against the purpose, integrity and values of the vision or objective that is set by the leader. Furthermore it should be sustainable. This means that the vision should be in the interests of the organisation or community, ethical in intention and implementation, and developed in a consultative and transparent manner."
  - [Source: (James M. Burns 2003) Transforming Leadership: The pursuit of happiness.]
- Practices deal with integrity, competence , responsibility, accountability, fairness and transparency
- Principle 2: Organisational leadership to achieve an ethical culture
- Principle 3: support performance that creates sustainable value within the organisation's economic, social and environmental context.

Role of the Board

- Steering and setting direction
- Policy and planning
- Oversight
- Accountability

Mindful Application

- There still seems to be a focus on form rather than substance with regard to governance
- Driven by search for formula/rules rather than needs of good governance
- That is why King has emphasised need for directors to apply their minds through:
  - Emphasis on the achievement of outcomes
  - Proportionality
- What this seeks to do is move the choice and accountability where it belongs – with the governing bodies/leadership



Integrated Thinking

- Ubuntu
- Corporate Citizenship
- Stakeholder Inclusivity

Value Creation and Sustainability

Shareholder value

Stakeholder value

System value

CONCLUSION

- King V is a framework that, in the context of the real world challenges:
  - Provides relevant and appropriate guidance to address current leadership challenges
  - equips and empowers leadership to apply themselves to achieve positive lasting outcomes for the organisation, society and the environment – system value.

- “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”.(King V]

“Good governance never depends upon laws, but upon the personal qualities of those who govern." – Unknown

Thank you

Sources

- Anti-Woke Corporate Governance, 79 SMU L. Rev. (forthcoming) Ann M. Lipton Aug. 25, 2026 Draft,© Ann M. Lipton 2026, https://www.ecgi.global/publications/working-papers.
- Dodge v Ford Motor Company 170 N.W. 668, 684 (Mich. 1919).
- JSE Sustainability Disclosure Guidelines, JSE , 2021.
- King V Report on Corporate Governance for South Africa, IOD, 2025.
- Presentation at Launch of King V , Ansie Ramalho, 2025.