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KING V CODE ON CORPORATE GOVERNANCE:

what it means for your fund

King V introduces a more structured governance framework for retirement funds, with practical implications for board agendas, governance documents, service provider oversight and annual disclosure. This is an opportunity to assess governance readiness, identify gaps and decide whether formal adoption of King V is appropriate for your fund.

PART1: What is King V?

South Africa has an updated code on corporate governance. King V, the King Report on Corporate Governance for South Africa 2025, was published on 31 October 2025 by the Institute of Directors in South Africa (IoDSA) together with the King Committee. It updates its predecessor, King IV (published in 2016), and applies to financial years commencing on or after 1 January 2026.

SO WHAT DOES IT ACTUALLY DO?

King V provides guidance on good governance practices for all organisations in South Africa, including retirement funds. Its purpose is to help governing bodies (for funds, that means the board of trustees) lead their organisations in an ethical, responsible and effective way.

It is not a law. It does not replace the Pension Funds Act or any FSCA conduct standard, it sits alongside them.

King V sets an important governance benchmark. It is not legislation, but King reports are widely regarded as persuasive statements of good governance practice in South Africa. Courts and regulators may have regard to King principles when assessing whether a governing body acted reasonably and responsibly. Once a fund adopts King V, it has committed to applying it. The governance disclosure that follows creates a public record of how well it has done so.

WHO WROTE IT AND WHO ENDORSES IT?

King V was authored by the IoDSA and the King Committee, which includes representatives from National Treasury, the FSCA, the JSE, the Companies and Intellectual Property Commission, the South African Institute of Chartered Accountants, the Law Society of South Africa and several other bodies. The JSE, FSCA, National Treasury, the Auditor-General and the IRBA have all formally endorsed it.

WHAT CHANGED FROM KING IV?

The core framework, governance outcomes and the 'apply and explain' approach remain familiar, but King V has been simplified and made more structured. The main changes relevant to retirement funds are:

- The 17 King IV principles have been consolidated into 13.
- A formal Disclosure Framework is now required: any organisation claiming application of King V must complete it annually and publish it.
- King V places new emphasis on 'systems value': the idea that a fund is not just an entity serving its own members, but part of a broader economic and social system. Responsible investment is a governance matter, not just a nice-to-have.
- Technology, data and cyber governance have been expanded, including stronger expectations around information and technology governance, cyber resilience and emerging technologies such as AI. Joint Standard 2 of 2024 on Cybersecurity and Cyber Resilience applies directly to retirement funds as a separate regulatory obligation.
- An extended retirement fund Guidance Note provides fund-specific interpretation of the principles.

WHAT ARE THE FOUR GOVERNANCE OUTCOMES?

King V is outcomes-based. The aim is not tick-box compliance but the genuine achievement of four outcomes:

ETHICAL CULTURE	The fund operates with honesty, integrity and accountability. Ethical behaviour is embedded in decisions and actions.
GOOD PERFORMANCE	The fund achieves its purpose effectively and sustainably, focusing on long-term outcomes and value creation for members.
EFFECTIVE CONTROL	Risks are managed proactively, internal controls work, and the fund complies with applicable laws and policies.
LEGITIMACY	The fund acts in the best interests of members and society. Stakeholders trust it.

THE 13 PRINCIPLES

King V organises the 13 principles into four functional groupings.

The table below shows how they map:

Ethical culture	The fund operates with honesty, integrity and accountability. Ethical behaviour is embedded in decisions and actions.
Good performance	The fund achieves its purpose effectively and sustainably, focusing on long-term outcomes and value creation for members.
Effective control	Risks are managed proactively, internal controls work, and the fund complies with applicable laws and policies.
Legitimacy	The fund acts in the best interests of members and society. Stakeholders trust it.

This is a high-level summary of the 13 principles:

Principle	What it requires
Principle 1: *Leadership*	The board leads ethically and effectively as the focal point of governance. Trustees must demonstrate integrity, competence, accountability, fairness and transparency, not just on paper but through how they actually govern.
Principle 2: *Ethics*	The board governs the ethical culture of the fund, not just the conduct of individual trustees. This includes oversight of service provider ethics and an ethics reporting mechanism.
Principle 3: *Strategy, performance and sustainable value creation*	The board ensures the fund has a clear purpose and that its strategy, performance and sustainability are aligned with that purpose. For funds, performance means delivering sustainable, risk-adjusted retirement outcomes for members over the long term.
Principle 4: *Reporting*	The board ensures that external reports enable stakeholders to make informed assessments of how the fund creates, preserves and erodes value. This includes both statutory reporting and the King V Disclosure Framework.

Principle	What it requires
Principle 5: *Composition of the board*	The board ensures its composition reflects the right mix of competencies, diversity and independence. This includes formal independence assessments, a skills matrix and succession planning.
Principle 6: *Committees*	The board ensures that delegation to committees promotes effective governance. Committees must have clear mandates and the board remains accountable for all delegated functions.
Principle 7: *Appointment and delegation to management*	The board ensures that the appointment of and delegation to management. In funds, 'management' primarily the principal officer and service providers. The board promotes operational effectiveness, with clearly defined roles and accountability.
Principle 8: *Risk*	The board governs risk in a way that enables the fund to sustain and optimise its strategy. This requires a formal risk appetite statement and a risk management framework covering all material risk categories.
Principle 9: *Compliance*	The board governs compliance with applicable laws, adopted policies and voluntarily adopted codes. Compliance risk must be integrated into the broader risk management framework.
Principle 10: *Data, information and technology*	The board governs data, information and technology to sustain and optimise the fund's strategy. This includes POPIA accountability, cyber risk governance and oversight of the administrator's technology posture. Joint Standard 2 of 2024 on Cybersecurity and Cyber Resilience applies directly to funds.
Principle 11: Remuneration	The board ensures the fund remunerates fairly, responsibly and transparently. For funds this covers trustee remuneration where applicable, the principal officer's remuneration framework and service provider fee governance.
Principle 12: *Assurance*	The board ensures that assurance functions promote an effective internal control environment. A combined assurance model coordinates all assurance activities to give the board a coherent picture of governance effectiveness.
Principle 13: *Stakeholders*	The board adopts a stakeholder-inclusive approach, identifying material stakeholders, understanding their legitimate interests and engaging with them meaningfully. Members and beneficiaries are the primary stakeholders.

Principles and practices

King V is built on two distinct layers. **Principles** are high-level statements of what good governance requires, for example, that the board leads ethically and effectively, or that it governs risk in a way that supports the fund's strategy. Principles must be applied and are non-negotiable: every organisation that claims application of King V must apply all 13 of them.

Recommended **practices** sit beneath each principle and describe how the principle can be given effect in practice. Unlike principles, recommended practices may be adapted or replaced where a fund has good reason to do so, because of its size, complexity, structure or available resources. What matters is that any adaptation still achieves the governance outcome the practice is designed to produce, and that the fund explains clearly in its governance disclosure what it has done differently and why. This is what "**apply and explain**" means in practice: the principles apply without exception, the practices are applied with judgment.

The Disclosure Framework

One of the most significant departures from King IV is the introduction of a mandatory Disclosure Framework. Any fund that claims application of King V must complete this document annually and publish it. The board must formally approve it.

The Framework requires the fund to work through all 13 principles and, for each one, declare any recommended practices it has not adopted and explain why. It also requires the board to provide a concluding statement confirming whether applying King V has achieved the four governance outcomes.

'Apply and explain' does not mean a fund has to do everything exactly as the Code recommends. It means the fund must apply every principle and explain honestly where it has done things differently and why.

King IV

Mandatory Disclosure Framework

PART 2: What does it mean for retirement funds in practice?

The retirement fund Guidance Note, published by the IoDSA alongside King V, translates the principles into the retirement fund context. We set out below the most significant practical implications, grouped by principle area. We have used PF 130 as a comparison.

Leadership, ethics and corporate citizenship (Principles 1–3)

PF130 already requires a code of conduct, chairperson guidelines and trustee training. King V adds:

- A board charter which is distinct from the code of conduct: this governs the board as a collective: its purpose, authority, composition requirements, meeting procedures, delegation framework and relationship with the principal officer and service providers. Many funds have a code of conduct but not a board charter.
- An organisational ethics framework: not just rules for individual trustee conduct, but oversight of the fund's ethical culture as an entity, including an ethics risk assessment, an ethics reporting mechanism and oversight of service provider ethics.
- A fund purpose statement: a clear articulation of what the fund exists to achieve for its members and how it measures success.
- ESG integration into the board's overall governance approach, not only in the investment policy statement and investment mandate.

Tip: check whether a board charter exists as a distinct document. If not, draft one or substantially expand the code of conduct to cover the required elements.

Strategy, performance and reporting (Principle 4)

The Guidance Note acknowledges that funds are already subject to statutory reporting obligations, that is the annual financial statements, FSCA returns and the annual trustee report to members. It encourages funds to go further by enhancing their reporting to reflect how the fund creates sustainable value, manages risk and meets member expectations.

Any fund that claims application of King V must also complete the Disclosure Framework annually.

Practical step: Identify the vehicle for the governance disclosure and confirm the board will formally approve it annually.

Governing structure and delegation (Principles 5–7)

This is one of the areas where King V adds the most for funds that have not yet formalised their board practices. Key additions include:

- A formal independence assessment framework: applied annually, with reasoning recorded in board minutes. A declaration of interests and an independence assessment are not the same thing.
- The nine-year tenure rule: a trustee who has served more than nine years must be affirmatively assessed for independence. It does not automatically disqualify them, but it triggers a documented assessment.
- A skills matrix: mapping required competencies against the current board composition, reviewed annually and on each vacancy.
- Trustee succession planning: deliberate planning for board renewal, particularly where multiple trustees approach nine years simultaneously.
- An explicit prohibition on constituency representation: trustees may not act as delegates of the members or employers who elected or appointed them. Board meetings are not forums for collective bargaining. This is not new, but King V states it explicitly.
- Enhanced audit and risk committee composition: where the board has independent trustees, at least one independent board member should serve on the committee. The board chair should generally not chair this committee.
- Formal principal officer performance management: documented KPIs, annual evaluation led by the chairperson, outcome recorded in board minutes.

Note: the Guidance Note confirms that a social and ethics committee is not typically established for retirement funds. Ethical conduct and acting in members' interests are discharged at board level.

> ***Practical step: create a board governance pack including the board charter, code of conduct (if separate), delegation framework, committee terms of reference, trustee skills matrix, independence assessment template and principal officer performance scorecard. This gives the board a single reference point for annual review.***

Risk, compliance, technology, remuneration and assurance (Principles 8–12)

The key additions in this cluster of principles are, in our view:

- A risk appetite statement: a board decision on acceptable risk levels across all material categories, including investment, operational, service provider, cyber and ESG risk. Most funds have a risk register and a risk management policy, but not a risk appetite statement.

- A compliance universe document: all applicable obligations documented in a single place - statutory, regulatory, conduct standards, joint standards and voluntarily adopted codes. Reviewed and approved by the board annually.
- A technology and information governance policy, covering data ownership, POPIA accountability at board level, cyber risk appetite and oversight of the administrator's IT and cyber posture.

Important: Joint Standard 2 of 2024 on Cybersecurity and Cyber Resilience applies directly to retirement funds and commenced on 1 June 2025. This is a hard regulatory obligation, it cannot be explained away under King V's apply-and-explain regime. If your fund has not yet addressed it, that is a separate and urgent matter.

- AI governance: the board must establish accountability for AI-related decisions and outcomes, including AI deployed by service providers on the fund's behalf.
- A remuneration policy or fee governance policy: covering independent trustee fees (where applicable), the principal officer's remuneration framework and service provider fee governance standards.
- A combined assurance model: coordinating all assurance activities to give the board a coherent picture of whether the governance framework is actually working.

> ***Practical step: confirm that ESG risk, cyber risk and service provider risk all appear as explicit categories in the risk register. Obtain written confirmation from your critical service providers on their cyber resilience controls, incident reporting process and also specifically from your benefit administrator of its ongoing compliance with Joint Standard 2 of 2024.***

Stakeholder relationships (Principle 13)

King V draws a clear distinction between communication, which is one-directional, and engagement, which is bi-directional. PF 130 focuses mainly on communication. King V expects mechanisms through which members can express their interests, raise concerns and provide input that informs governance deliberations.
King V also introduces a corporate citizenship obligation: the board must recognise the fund's role in the broader savings and social system. Member financial wellness is not an incidental programme, it is a governance commitment by the board with outcomes that should be monitored.

> ***Practical step: identify the fund's key stakeholder groups, the purpose of engagement with each group, the communication channels used, how feedback is recorded and how material issues are escalated to the board.***

To adopt or not to adopt?

King V is voluntary for retirement funds. The board needs to make a deliberate, informed decision. We have set out some of the considerations below:

Arguments for adoption	Arguments against adoption
• Demonstrates a genuine commitment to good governance: to members, regulators and service providers. • Aligns with and reinforces existing mandatory obligations, including the Cybersecurity Joint Standard and the Pension Funds Act. • The IoDSA Retirement Fund Guidance Note adapts King V specifically for funds, reducing implementation complexity. • Provides a structured governance framework scalable to the fund's size and complexity. • Enhances member confidence through transparent disclosure of the quality of governance. • Proactively prepares the fund for some COFI governance culture requirements. • Connects governance decisions to long-term member outcomes through integrated thinking. • Aligns with and strengthens TCF outcomes.	• Adds compliance burden on volunteer trustees who already carry demanding statutory obligations. • Partial adoption of the principles is not possible; all 13 principles apply on an apply-and-explain basis if the fund claims application of King V. • Annual disclosure obligations add administrative complexity and cost. • Some funds may lack the resources to implement meaningfully (even though King V can be adopted proportionately). • No direct regulatory 'credit' is currently afforded for voluntary adoption. • Outsourced administration means some governance levers sit with the administrator rather than the fund directly and this needs to be monitored.

Our view is that funds which are ready to implement King V meaningfully should do so.
The governance framework it provides is well adapted to the retirement fund context, particularly with the Guidance Note, even though practices will need to be adapted.
Funds that are not yet ready should at a minimum use the King V framework as a diagnostic tool, working through the principles to identify governance gaps that need attention regardless of formal adoption.

The seven-step implementation roadmap

If the board decides to adopt King V, the first year will be the most demanding. Once the framework is in place, annual maintenance becomes manageable.

In practical terms, the board should treat implementation as a governance project, with an owner, a timetable, document owners and evidence requirements. The project should not be left until the annual disclosure is due.

STEP 1

Board education:
all trustees must understand what King V is, how it applies to funds specifically and what the Disclosure Framework obligation requires. This is a prerequisite for everything that follows and it does take some work.

STEP 2

Regulatory alignment assessment:
map the fund's existing governance framework against its statutory and regulatory obligations, for example, the Pension Funds Act, Regulation 28, POPIA, the Cybersecurity Joint Standard and applicable conduct standards. This is to establish the compliance baseline before identifying what King V adds.

STEP 3

Gap analysis:
assess current governance documents and practices against King V's recommended practices. Consider distinguishing between material gaps (substantive obligations not met), documentation gaps (obligations met in practice but not formally recorded) and disclosure gaps (obligations met and recorded but not included in governance reporting).

STEP 4

Identify alternative or adapted practices:
where exact implementation is not feasible or proportionate in relation to practice (not principles), document the alternative practice and the compensating measures. Proportional application is permitted. What matters is that the governance outcome is achieved and the explanation is sound.

STEP 5

Board resolution to adopt:
the board formally resolves to adopt King V and records this in the minutes. The resolution should confirm the financial year from which King V applies, the proportional approach the board intends to take and the person or committee responsible for implementation oversight.

STEP 6

Update governance documents:
working from the most foundational documents first: for example, board charter and independence assessment framework, then ethics framework and fund purpose statement, then sub-committee terms of reference, risk appetite statement, compliance universe document, technology and information governance policy, remuneration policy, revised stakeholder engagement approach and finally the governance disclosure document structured around the Disclosure Framework.

STEP 7

Monitor and disclose: produce the Disclosure Framework document annually with formal board approval. Review the fund's application of King V and its achievement of the four governance outcomes at least once a year. Treat the governance disclosure as a living document that improves as governance practice matures.

Conclusion: good governance is the foundation of a sustainable retirement fund

Good governance in a retirement fund is the foundation on which members' long-term financial security rests. King V provides a framework that is mostly well suited to the retirement fund context, particularly with the Guidance Note translating the principles into the fund environment. Boards that engage with it seriously may find that it sharpens decision-making, strengthens accountability and builds the kind of member trust that is increasingly expected by regulators and members alike. The first year of implementation is likely to be the most demanding, but the governance framework that emerges from that process should serve the fund, its trustees and its members well.

Please contact your Consultant for more information.