Somerset West
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KING V™ - FROM CODE TO CAPABILITY

Why digitised governance has become essential

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The publication of King V™ has been greeted with optimism, and rightly so. It's *apply-and-explain disclosure template* represents one of the most significant developments in South African corporate governance since the first King Report appeared in 1994. For the first time, organisations will need to show *how* they apply governance principles and *what* outcomes they achieve in a consistent and comparable format.

This evolution is both necessary and overdue. But it also raises an uncomfortable question - will King V™ change the way organisations are governed, or merely the way they report?

From narrative to evidence

King V™ signals a profound shift such where the organisation's governance must now be *demonstrated*, not merely *declared.* The challenge now lies in execution - not expression - requiring organisations to broaden their digital transformation journeys so that transparency is no longer just "policy" but a built-in "feature" of the business.

King V™ advocates that organisations:

- report on **how** principles are applied and **what** results are achieved
- integrate governance risk, assurance, and **performance oversight**
- **demonstrate ethical and effective leadership** through data-backed decision trails; and
- oversee technology and information **as strategic governance assets**.

To achieve these objectives, boards and executives need to make governance measurable, comparable, auditable and independently verifiable. Today, digitisation unlocks unprecedented levels of scalability, traceability and real-time reporting, driving data-driven decision-making and automatically enhancing accountability. Against this backdrop, a **Digitised Governance Framework** (DGF) becomes indispensable and transforms the "how" of governance into an ongoing, evidence-based process, by *inter alia*:

- capturing governance actions and evidence as they occur, across all key areas of the organisation
- corroborating information through user attribution and system controls, enabling internal and external assurance teams to test reliability and effectiveness
- integrating governance data across risk, assurance, ethics, and technology
- reporting governance outcomes through dashboards, KPIs and structured templates, including those aligned to King V™.

Alignment with King V™

King V™ also supports an explicit and practical case for the adoption of a DGF - a system that integrates governance, risk, assurance, and ethical oversight in real time.

1. Principle 1 - Ethical, effective Leadership

King V™ states that the "governing body (the board) leads ethically and effectively as the focal point of corporate governance in the organisation", assuming collective accountability for the organisation's performance, control, and ethical culture. Collective accountability requires collective visibility. A DGF provides this visibility by mapping governance activities, oversight actions, and decision audit trails across the organisation, enabling the board to see -- and substantiate -- *how* leadership decisions align with ethical standards and performance outcomes.

2. Principle 8 - Risk Governance

Under King V™, the board "governs risk in a way that enables the organisation to sustain and optimise its strategy and objectives". This principle calls for an integrated view of risk and opportunity across all business areas of the organisation. A DGF consolidates and makes it easier to identify (internal and external) governance risks which may impact strategy, operations, compliance and organisational reputation. At the same time, boards and executives can track the implementation and gauge the effectiveness of risk mitigation activities in real time. The result is a holistic, auditable view of the organisation's governance risk posture that supports informed, and ethical decision-making.

3. Principle 12 - Assurance and Internal Control

King V™ requires the board to ensure that "assurance functions and services promote an effective internal control environment and safeguard the integrity of external reports issued by the organisation". A DGF reinforces the practice of combined assurance by ensuring that assurance providers (e.g. internal audit, compliance, risk management, external audit, and others) work in an aligned and complementary way. The outcomes of various control assessments and tests (including corroborating evidence) can be uploaded/imported and linked to specific governance areas, driving transparency, and highlighting gaps and/or duplications in assurance activities.

4. Principle 10 - Data, Information and Technology Governance

Perhaps the most direct link to digitisation, Principle 10 of King V™, states that the board "governs data, information and technology in a way that enables the organisation to sustain and optimise its strategy and objectives". A DGF ensures that technology is no longer just an operational enabler, but is now central to embedding a culture of oversight, data ethics, and accountability within the organisation.

5. Governance Frameworks and Group Governance

King V™ emphasises that every organisation, particularly those operating through subsidiaries or divisions, must have a clearly defined governance framework that specifies roles, responsibilities, and information flows across entities. A DGF provides this architecture and operationalises this requirement instantly - standardising oversight and reporting across a group structure and ensuring the parent board can oversee governance consistency across its entities.

6. The Disclosure Framework

The new *apply-and-explain* disclosure template of King V™ requires organisations to show how they apply each principle, and to demonstrate the outcomes achieved, complemented by the relevant evidence. Again, the link to governance digitisation is self-evident. A DGF can efficiently and reliably capture, corroborate, and report the organisation's governance activity in a way that is consistent, auditable, and comparable over reporting periods thereby fulfilling both the spirit and the letter of the new Code's reporting requirements.

Keeping governance simple, principled, and measurable

At its core, governance must remain grounded in the timeless principles of integrity, competence, responsibility, accountability, fairness, and transparency **(ICRAFT)**. By digitising governance and indeed the organisation's DGF, organisations can make these fundamentals visible, testable and tangible where integrity is evidenced in decisions; accountability is traced through approvals; where fairness is visible through stakeholder engagement; and transparency reflected in accessible records.

Notably, digitisation should complement, not replace, human judgment - ensuring that technology enhances ethical decision-making without introducing new risks like data biases or over-automation (including unwarranted over-regulation).

From compliance to capability

King V™ provides South Africa with a more refined, outcomes-oriented framework. This said, codes alone cannot change behaviour. True progress depends on how effectively organisations use the tools available to them to make governance real, measurable, and credible. Those that embrace digitised governance will find King V™ not a burden, but a catalyst - a means to embed governance as a living capability that drives trust, resilience, and long-term value.

Undoubtedly, King V™ now points the way forward, but deriving its true purpose and value requires a **digitised governance framework to make it real.**

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