KING V – Our Thoughts

Governance for Purposeful Impact

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NAMIBIA INSTITUTE OF CORPORATE GOVERNANCE

NICG's Opinion on King V

We, the Namibia Institute of Corporate Governance (NICG), issue this view as our considered assessment of King V and its implications for Namibia.

1. Why NICG is engaging with King V now

King V arrives at a moment of significant transition globally and within our region. Geopolitical instability, climate and environmental shocks, technological disruption, cyber-security threats, and widening social inequality are reshaping expectations of leadership and governance. Concurrently, sustainability reporting has been formalised through the ISSB's IFRS S1 and S2 standards, embedding climate and sustainability considerations into mainstream financial reporting. These developments demand that boards operate with deeper foresight, stronger accountability and broader societal sensitivity.

Yet, this shift occurs alongside growing fatigue and backlash against ESG and regulatory complexity. The challenge for governance leaders is therefore to navigate rising expectations without overburdening organisations, particularly those with limited capacity.

In Namibia, the African Peer Review Mechanism (APRM) Country Review Report recognises NamCode, based on King III, as our national governance reference but highlights several "inadequacies" in its current form. The APRM explicitly recommends a review and updating of NamCode in line with contemporary best practice and a broader set of international governance frameworks.

It is precisely these developments, and the practical realities of Namibian governance, that led NICG to engage the Namibian Stock Exchange (NSX) to initiate a structured review of NamCode, informed by King V but tailored to Namibian conditions.

2. King V in brief – what has changed?

The Institute of Directors in Southern Africa positions King V as an evolution of King IV rather than a wholesale reinvention. Several developments are particularly noteworthy.

King V streamlines the governance principles from seventeen to thirteen, framing them not as recommendations but as statements of governance reality; for example: "the board leads ethically and effectively", signalling that governance is no longer optional but inherent. It strengthens the outcomes-based model introduced under King IV (ethical culture, performance and value creation, conformance and control, and legitimacy), placing organisational purpose firmly at the centre.

A key innovation is the formal King V Disclosure Framework, which organisations must use if they wish to claim application of King V. This framework requires transparency, explicit disclosure of deviations, and a board-level conclusion on whether governance efforts are delivering the four outcomes. King V also adopts the concept of double materiality, emphasising both enterprise-value considerations and the organisation's societal and environmental impacts.

Modern governance realities are further addressed through elevated expectations around data, information and technology governance (including AI) and strengthened provisions on independence, related-party relationships and committee composition. King V also calls for periodic assurance over the organisation's entire internal control framework, extending beyond financial controls.

Taken together, King V can be understood as governance for purposeful, ethical impact in an increasingly complex and high-risk world.

3. King V and global trends – NICG's critical view

Purpose, outcomes and double materiality

King V's emphasis on purpose and double materiality aligns with global trends towards integrated thinking and impact-oriented governance. Boards can no longer focus narrowly on shareholders without recognising the broader consequences of their decisions. For Namibia, where governance failures often have deep social implications, this framing is welcome.

However, the practical demands of double materiality are significant. Many organisations lack the data systems, technical skills and institutional maturity required to assess and report credibly on non-financial impacts. Without a capacity-building approach, double materiality risks becoming a compliance exercise rather than a meaningful tool for governance.

Technology, data and AI governance

King V's strengthened expectations on digital governance are timely. Cyber incidents, data breaches and algorithmic risks pose real threats across all sectors. While the principle is sound, the reality is that board-level digital competence remains limited in Namibia. Without intentional capability development, this principle may remain theoretical.

Independence, trust and legitimacy

King V heightens expectations for independence, particularly in relation to related-party considerations and committee composition. These developments speak directly to the erosion of trust seen globally in both public and corporate institutions. Yet, Namibia's small and relationship-dense market presents practical challenges. Meeting independence requirements "on paper" may be difficult, even where boards act substantively independently.

Disclosure, assurance and regulatory fatigue

The Disclosure Framework strengthens accountability and transparency. But the global mood of regulatory fatigue is real, and smaller Namibian entities may struggle without proportionate implementation. The emphasis must therefore be on phased, practical and realistic adoption.

4. Namibia's governance landscape and maturity

Namibia's governance framework rests on both mandatory legislation and voluntary governance codes, and it is essential to distinguish the two.

First, the Companies Act, 2004 (Act 28 of 2004) is mandatory for all companies. It establishes the duties, responsibilities and fiduciary obligations of directors, the standard of conduct expected of management, and the accountability mechanisms applicable across the entire corporate sector. While governance codes offer best-practice guidance, the Companies Act sets the legal baseline that cannot be waived or replaced.

Second, NamCode is our national best-practice code, based on King III and adapted to Namibia's legal framework. It operates on an "apply or explain" basis. Importantly, NSX-listed companies are required to apply NamCode as part of the listing requirements.

Third, the Public Enterprises Governance Act (PEGA) 2019 governs SOEs and draws on NamCode and King IV principles.

The APRM report notes that while NamCode remains a valuable reference, it is now out of step with contemporary governance thinking and recommends a revision informed by a wider set of frameworks. It also highlights constraints in Namibia's director pool, regulatory capacity and institutional maturity.

NICG's experience reinforces these findings: governance quality varies widely across sectors, implementation is inconsistent, and capacity limitations persist at the level of boards, regulators and assurance providers. These realities are central to any consideration of King V's applicability.

5. King V and Namibia – where it helps and where it may overreach

Where King V could be beneficial

King V offers several elements that could materially enhance governance in Namibia if adapted appropriately. Its focus on outcomes and purpose would help boards move beyond compliance towards impact-oriented governance. Its strengthened approach to data, technology and AI governance would provide much-needed guidance in areas where local frameworks are currently thin. A more structured disclosure regime would improve transparency and reduce boilerplate reporting, particularly for listed companies. Its independence provisions could help address persistent concerns around insider influence. And alignment with global sustainability frameworks would position Namibian entities more competitively in international markets.

Where King V may exceed current capacity

At the same time, several components of King V may be too demanding if introduced wholesale. Double materiality analysis, periodic assurance over comprehensive internal controls and detailed disclosure requirements assume capacities many Namibian entities do not yet possess. Namibia's small economy, limited pool of independent directors and constrained regulatory capacity also caution against immediate adoption. Notably, the original NamCode was adapted from King III precisely because the South African Companies Act differs considerably from Namibia's, demonstrating that unmodified importation of foreign codes is rarely appropriate.

These considerations reinforce our view that Namibia requires contextualisation, not direct replication of King V.

6. King IV alongside King V

Some may question why King IV, and not only King V, features in this analysis. This is deliberate.

NamCode is grounded in King III. Jumping from King III to King V represents a substantial conceptual leap. King IV therefore serves as a natural and practical intermediate reference point. Moreover, many Namibian organisations—particularly in the financial services sector and among large corporates—already use elements of King IV in practice. This lived reality should inform any revision of NamCode.

King IV also introduced several developments, such as integrated thinking and early technology governance principles, that remain highly relevant for Namibia and should not be eclipsed simply because King V has been released.

The APRM itself recommends benchmarking Namibia's new code against multiple international frameworks, not only King V. Referencing both King IV and V enables a balanced, realistic and context-sensitive approach.

7. King V vs NamCode – the main gaps

Several gaps highlight why NamCode must now be revisited. Its philosophical foundation remains rooted in King III, lacking the outcomes-based approach that defines both King IV and King V. NamCode predates modern sustainability frameworks and does not incorporate double materiality or contemporary ESG thinking. It provides limited guidance on technology, data and AI governance. Its disclosure regime remains less structured and less comparable. And its development was tied closely to the South African legal environment, necessitating contextual reinterpretation.

These gaps are not criticisms of NamCode's value at the time it was developed, but reflections of a global governance landscape that has evolved considerably over the past decade.

8. APRM findings and the NICG–NSX NamCode review

The APRM's recommendation to review NamCode, expand benchmarking sources and update governance expectations provides a clear external mandate. In response, NICG has engaged the NSX to launch a formal, collaborative review of NamCode.

This exercise aims to co-create a modern governance framework that:

- Reflects Namibia's legal framework, including the mandatory Companies Act;
- Integrates contemporary governance thinking from King IV and King V;
- Recognises Namibia's economic scale, regulatory capacity and institutional maturity; and
- Supports meaningful, implementable governance across listed, unlisted and public entities.

9. How NICG believes the NamCode review should proceed

NICG envisions a process that blends ambition with practicality.

The revised NamCode should adopt the philosophical direction of King V; that is, purpose, outcomes and integrated thinking, without reproducing their texts verbatim. It should transition towards an "apply and explain" regime for larger entities while offering proportionate expectations for smaller organisations. The integration of sustainability and digital governance should align with ISSB standards and leading African frameworks.

Critically, the review must be accompanied by capacity building: director training, practical toolkits, improved supervisory coordination and clearer articulation of the hierarchy between mandatory legal obligations under the Companies Act and voluntary code-based practices.

The revised code must be consciously localised, recognising Namibia's governance ecosystem, legal structure and market dynamics.

10. Conclusion

King V offers a timely and progressive vision for governance in an increasingly complex world. However, Namibia cannot simply adopt King V wholesale, nor can we remain anchored in a King III-era NamCode. Our governance framework must evolve thoughtfully, proportionately and contextually.

NICG's view is that a revised NamCode, co-developed with the NSX and Namibian stakeholders, should be philosophically aligned with King IV and King V, grounded in the Companies Act, informed by global best practice and realistically implementable in Namibia.

NICG looks forward to leading and facilitating this national conversation as we shape the next generation of Namibia's corporate governance framework.