

# King V – Comparison with Companies Act & JSE Listings Requirements





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# JSE Listings Requirements - general

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- Simplified JSE LRs came into force 13 January 2026
- Disclosure of compliance with entirety of King V must be disclosed
- But only certain aspects are mandatory
- Corporate Governance now has its own chapter: Section 5
- Focus herein is on Main Board (MB)

# Composition of the Board



- King V

- Majority non-executives
- Majority of non-executives to be independent
- Minimum two executive directors
- Diversity policy

- Companies Act

- Not prescriptive in general
- Save for companies that need audit committee and SEC
- Regulated company may need to co-opt independent director for affected transaction

- JSE LRs

- Diversity policy
- Classification of directors must be in accordance with King V
- Must have financial director



# Rotation of Directors

- King V
  - Leaves it to the company to determine rotation
  - Strike balance between fresh perspectives and institutional knowledge / continuity
- Companies Act
  - No rotation provisions
  - Can be a director until removed
  - MOI can contain specific provisions
- JSE LRs
  - 1/3 of non-executive directors must retire at every AGM (longest in office)
  - At first AGM after listing, all non-exec's retire



# Director independence: test

- King V
  - Nine criteria (factors) listed – see para 42
- Companies Act
  - No stand-alone independence criteria
  - S94 contains independence criteria for audit committee (public & SOCs only)
  - Takeover law (if affected transaction) – factors are with reference to independence in respect of the offer
- JSE LRs
  - Independence to be assessed in accordance with King V and s94 Companies Act

# Board chair & LID

- King V

- Must be independent non-executive
- Chair & CEO cannot be the same person
- Lead independent director – absence of chair; chair is conflicted; evaluation of chair
- Role set out in some detail

- Companies Act

- Not prescriptive – can be any director (incl. CEO)
- Role not set out
- Casting vote provisions (tied vote)

- JSE LRs

- Same as King V
- If chair not independent non-exec, must have lead independent director
- Chair has role in director dealings



# Board committees & composition

- King V

- Audit – all independent NEDs
- Risk (can be combined with audit) – exec & NEDs, majority NED, one independent
- Nominations – all NEDs, majority independent
- Remuneration – all NEDs, majority independent
- Social & ethics (SEC) – exec & NEDs, majority NEDS, one independent

- Companies Act

- Audit – only public co's (not linked to audit requirement) – all independent NEDs
- SEC – PI score 500. Public co: majority NEDs; Private co: 1 NED

- JSE LRs

- Audit – all independent NEDs
- Remuneration – as per King V
- SEC – as per Companies Act & King V



# Chair's involvement in committees

- King V

- Audit – should not be a member
- Risk – can be a member and chair
- Nominations – can be member and chair
- Remuneration – can be member but not chair
- Social & ethics (SEC) – can be a member but not chair

- Companies Act

- Audit – can be member and chair, if complies with s94
- SEC – can be a member and chair

- JSE LRs

- Audit – as per King V
- Remuneration – as per King V
- SEC – as per King V

# Company Secretary

- King V
  - Arm's length relationship with board
  - Should not be a director
- Companies Act
  - Only public co & SOCs require a cosec
  - Can be a director
- JSE LRs
  - As per King V



# Shareholders' say on pay

- King V
  - Remuneration policy & report
  - Non-binding advisory vote (51%): annually for report, and every 3<sup>rd</sup> AGM for policy
  - But recommended only for companies that meet SEC requirement
- Companies Act
  - Director fees: special resolution (two years max)
  - Pending: binding approval by shareholders (51%) rem policy & report
  - Policy: every 3 years; report: annually
- JSE LRs (there will be separate remuneration overhaul in due course)
  - Annual non-binding advisory vote
  - 75%
  - If 25% or more voted against: engage & report back at next AGM

# Group governance

- King V
  - Holdco should adopt group governance framework
  - Each subsidiary must adopt same
- Companies Act
  - Not dealt with other than regulating transactions within a group & disclosure of remuneration
- JSE LRs
  - Subsidiary MOI compliance

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