



# Sustainability Reporting Alignment: A Systematic Review of King V Code, IFRS S1/S2, Assurance and Combined-Assurance Maturity in South Africa

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Received: 03 January 2026

Accepted: 23 April 2026

DOI: <https://doi.org/10.32479/irmm.22951>

## ABSTRACT

This study interrogates the evolving alignment between South Africa's corporate governance architecture (King V) and emergent global sustainability disclosure regimes. This systematic review assesses the alignment of the transition from King IV (apply or explain model) to King V (Outcome-based, assurance-driven policy) with the requirements of IFRS S1/S2. A PRISMA methodology, with guided search and screening (2017-2025), focused on South Africa and data were extracted from 27 peer-reviewed articles covering context, theory, linkages to IFRS S1/S2, assurance/combined assurance, key findings and gaps. The research findings reveal that King IV establishes a solid foundation for ethical leadership, board accountability and integrated thinking. (i) Board reforms under King IV improved governance and the remuneration framework, (ii) King IV is integrated in South Africa's corporate practice and common law (a critical driver for King V's outcomes-orientation and IFRS S1/S2 integration. (iii) AI/digital technology governance frameworks but underutilised. This synthesis demonstrates that King V is a governance structural reform, highlighting the shift towards digital governance and improved assurance. The study proposes a structured, board-level roadmap that includes governance of sustainability data, ISSB controls, climate risk integration, combined-assurance mapping, assurance scoping, board committee oversight, and transparent reporting, with sector-specific guidelines for extractive, banking and consumer sectors.

**Keywords:** King IV, King V, IFRS S1/S2, Sustainability Reporting, South Africa, Integrated Reporting

**JEL Classifications:** K2, O2, H1

## 1. INTRODUCTION

The last three decades have revealed the proliferation of corporate governance (CG) codes globally (Pahuja et al., 2025; Alshdaifat et al., 2025). The effectiveness of such codes within corporate boards has been extensively researched in both developed and emerging nations (Atugeba and Acquah-Sam, 2024; Bravo-Urquiza and Moreno-Ureba, 2021), revealing that these codes are typically revised in response to economic crises, climate change, financial scandals, political reforms and stakeholders' demand for sustainability reporting. Moreover, the impact of these revisions on reporting outcomes remains a puzzle for researchers and

policymakers. Specifically, we focus on the King V, the newly revised corporate governance code for South Africa. The Focus of the King V is to make the CG codes more relevant, concise, accessible and actionable for South African organisations in 2026 and beyond (Terblanche et al., 2025).

Globally, recent developments such as the King V introduction, IFRS S1/S2, the Taskforce for climate-related financial disclosures (TCFD) and global reporting initiatives (GRI) have raised concerns and critical questions for corporate organisations: How should sustainability reporting be structured to produce decision-useful, assured sustainability information that meets ISSB requirements?

How mature are current combined-assurance practices that support that?

Over the years, South Africa's King Reports have long shaped global discussions on corporate governance (Moganane, 2024; Velte, 2022; de Villiers and Dimes, 2021) by moving beyond compliance checklists and towards outcome-based, stakeholder-inclusive governance and a performance-oriented construct. The assertions of the King's Reports have improved corporate reporting, positioning South Africa as a global leader in corporate governance, thanks to the progressive iterations of the King Codes (from King I [1994] to King IV [2016]).

For instance, King IV (2016) introduced the "apply or explain" clause (Scholtz, 2025; Mothabi, 2022; Sityata et al., 2021), broadening applicability beyond listed firms, and embedding ethical leadership and management, sustainable development, and assurance principles within board responsibilities. Each development of the King's guidelines, leading to the forthcoming King V postulations, is expected to integrate emerging global standards such as the IFRS S1 (Sustainability Reporting) and IFRS S2 (Climate-related Financial Disclosures), issued by the international sustainability standards board (ISSB).

Furthermore, while South Africa champions integrated reporting and display intensive corporate governance disclosures amongst its listed firms, research evidence remains fragmented across findings: (i) Empirical links between governance structures and sustainability reporting outcomes (Corvino et al., 2020; Mokabane and Du Toit, 2022), (ii) remuneration governance, directors' independence and board composition studies (Scholtz et al., 2025; Viviers et al., 2023; Greeff, 2025), (iii) assurance/combined-assurance work centered on SOEs or topical issues like tax transparency and justice (Adebayo and Ackers, 2023; Thiart, 2019), and (iv) conceptual/legal discourse that embeds ethics and the King codes within common law and corporate governance culture (Judin, 2020; Rossouw, 2020; Ramalho, 2020; Kilian, 2020).

Nevertheless, few studies explicitly test the alignment of IFRS S1/S2 or the quality level of assurance over sustainability metrics in Africa. Therefore, the review's contributions are threefold. First, it maps the empirical and conceptual framework to the practical requirements of IFRS S1/S2 and King V's projected emphasis on technology, outcomes and disclosures. Second, the study assesses assurance maturity (particularly the coordination promised by combined assurance), identifying where practice falls short (Adebayo and Ackers, 2023; Thiart, 2019). Third, it transforms evidence and research gaps into a corporate board-ready framework and research agenda for the South African environment and regulatory context.

Despite South Africa's leadership in governance and integrated reporting, existing studies rarely scrutinise how King IV/V principles, controls and assurance frameworks align to produce IFRS S1/S2-ready, decision-useful sustainability information; nor do they benchmark combined-assurance maturity across providers and levels of assurance. Additionally, the maturity of combined assurance (coordinated effort of internal assurance providers,

management, external auditors, and other experts) remains uneven. Empirical evidence suggests that many South African entities disclose combined-assurance frameworks in principle (Prinsloo and Maroun, 2021); however, they often lack practical and realistic integration, mapping, and quality assurance frameworks.

Therefore, the need to reassess the alignment between King V and IFRS S1/S2 emerges, which this study seeks to address, as the gap lies in understanding how governance structures can generate verifiable, assured sustainability disclosures compliant with IFRS S1/S2. Notably, this study seeks to realise the following objectives, which are to:

- i. Clarify the conceptual and operational alignments between King V's governance guidelines and IFRS S1/S2 sustainability and climate-related reporting.
- ii. Assess the state and maturity of combined assurance supporting sustainability disclosures.
- iii. Synthesise empirical effectiveness, challenges and outcomes of governance interventions relevant to IFRS S1/S2 reporting in South Africa.
- iv. Identify research gaps and propose forward-looking policy interventions to enhance IFRS S1/S2 assurance readiness.

Table 1 below provides a synthesis of the theories applied and integrated for this study. Based on the synthesis in Table 1 above, this study advances an integrative theoretical framework in which assurance is conceptualised as the central mechanism linking governance structures to sustainability reporting outcomes. Agency theory explains the need for monitoring and verification; stakeholder theory highlights the demand for transparency and accountability; legitimacy theory interrogates the credibility of disclosures, and institutional theory situates these dynamics within broader regulatory convergence processes. Collectively, these perspectives converge on critical assumption that the effectiveness of governance in the sustainability era is contingent not merely on disclosure, but on the assurance of that disclosure. In this regard, the transition to King V, in alignment with IFRS S1/S2, represents a shift toward a governance paradigm in which sustainability information is subject to the same standards of control, verification, and accountability as financial information.

## 2. THEORETICAL FOUNDATIONS

### 2.1. Conceptual Framework

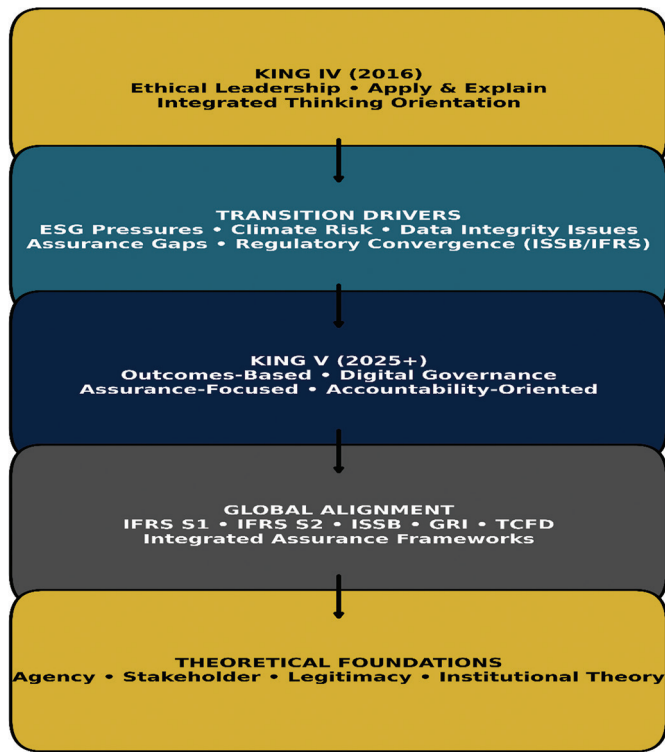
The framework (Figure 1) illustrates the evolution of corporate governance in South Africa from King IV's principles-based approach toward a more outcomes-driven, assurance-oriented King V paradigm shaped by emerging ESG and climate-related pressures. It further highlights the convergence with global reporting standards and theoretical lenses that underpin accountability, transparency, and integrated sustainability reporting.

## 3. METHODOLOGY

### 3.1. Research Design

In order to synthesise and critically evaluate the evolving relationship between corporate governance (KING IV/V),

Figure 1: Conceptual framework



Source: Authors' Computation (2025)

Table 1: Theoretical framework

Theory	Postulations
Agency theory	Managers may under-disclose sustainability risks to protect their selfish interests. Notwithstanding, governance and assurance mechanisms mitigate the chances of information asymmetry.
Stakeholder theory	This theory posits that organisations are accountable to a broad set of stakeholders, requiring them to provide transparent sustainability reporting.
Institutional theory	This theory affirms that organisations experience regulatory and normative pressures (King Codes Guidelines, IFRS S1/S2, TCFD, GRI) which drive their convergence into sustainability practices.
Legitimacy Theory	Organisations seek social acceptance and legitimacy through voluntary disclosures, assurance reports that enhance stakeholders' confidence and reliable corporate reporting

Source: Authors' Computation (2025)

sustainability reporting (IFRS S1/S2), and assurance practices in South Africa, the systematic review framework was employed, adhering to the 2020 guidelines of the Preferred Reporting Items for Systematic Reviews and Meta-Analysis (PRISMA). The design included the identification, screening, eligibility, inclusion and exclusion phases. The PRISMA methodology was adopted to ensure reproducibility, transparency and a well-structured review. Epistemologically, it aligns with the study's objective of theoretical integration, allowing for consolidation of diverse empirical and conceptual insights into a coherent governance-assurance framework. Compared to traditional narrative reviews, this study adopts an interpretive and theory-informed synthesis approach.

### 3.2. Data Sources and Search Strategy

The SCOPUS database was accessed for the identification and retrieval of literature. It was chosen due to its global acceptance and comprehensive coverage of interdisciplinary research. The study spans the period from 2017 to 2025, focusing on peer-reviewed, English articles and conference chapters. To ensure sensitivity and specificity, the SCOPUS search was carried out using a Boolean logic combination of search strings related to South Africa and other keywords (such as ("King IV" OR "King V" OR "King Code" OR "Corporate Governance South Africa") AND ("sustainability reporting" OR "IFRS S1" OR "IFRS S2" OR "integrated reporting" OR "assurance" OR "combined assurance")). From the search, 31 records were retrieved, which were subsequently subjected to screening and eligibility assessment.

### 3.3. Inclusion and Exclusion Criteria

Table 2 below presents the inclusion and exclusion criteria for the review process.

### 3.4. Study Counts and PRISMA Design

From the PRISMA design in Figure 2, it is seen that the study adhered to the PRISMA protocol, incorporating all 4 key stages. Specifically, no duplicate records were identified, lending credence to the specificity of the search string.

### 3.5. Data Extraction, Synthesis and Analytical Procedure

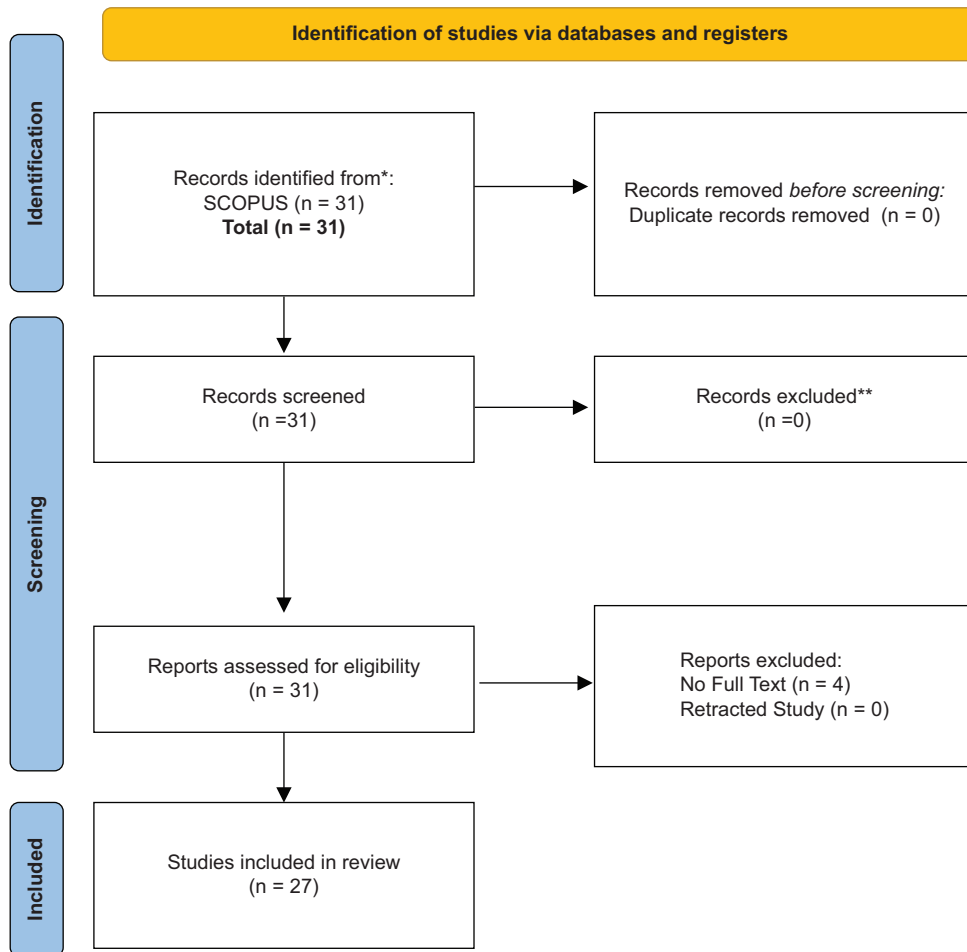
To achieve the research objective, we deduplicated and screened the titles and abstracts of the studies from the SCOPUS search. For data extraction, an Excel sheet was created to capture the following information: Authors, year, context, theory, IFRS S1/S2 linkage, assurance type, findings and research gap. To analyse the research data, thematic synthesis identified three clusters: (i) Governance-sustainability linkages; (ii) assurance and combined assurance; and (iii) legal/ethical frameworks enabling IFRS S1/S2 readiness. The analytical approach combines descriptive analysis (trend, graph), and thematic synthesis with theory-driven interpretation, enabling both pattern identification and conceptual advancement.

## 4. RESULTS

### 4.1. Mapping the knowledge landscape: governance, sustainability, and assurance

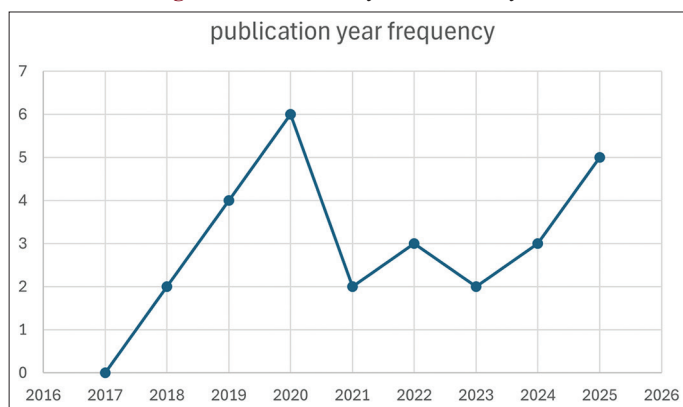
Table 3 presents the publication frequency according to year. The synthesis of the 27 included studies (graphically presented in Figure 3) reveals a concentration and fluctuation of sustainability research between 2019 and 2025, reflecting growing academic and regulatory attention towards sustainability reporting, corporate governance and assurance in South Africa. As shown in Figure 2, the publication trend rose sharply after 2019, coinciding with the inception phase of the King IV and the emergence of sustainability standards (IFRS S1/S2) by the ISSB. The trend outcomes align with institutional theory, showing how regulatory pressures increase corporate alignment with disclosures.

**Figure 2:** PRISMA flow chart



Source: Authors’ computation (2025)

**Figure 3:** Publication year trend analysis



Source: Authors’ computation (2025)

**4.1.1. Journal frequency**

Table 4 presents the frequency of publication in the journals where the reviewed studies were published. From the Chart and Table 4 above, it is evident that 21 journals contributed to the development of the review framework. Most publications are concentrated in internationally recognised outlets, reflecting the growth and recognition of governance and sustainability scholarship in South Africa. Journals such as the Journal of Global Responsibility, Corporate Governance (Bingley), South African

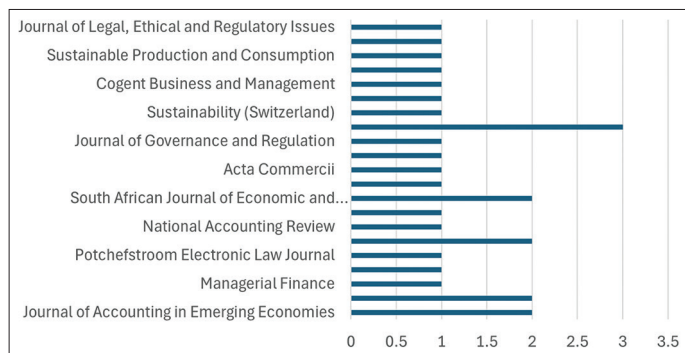
Journal of Economic and Management Sciences, and a set of South African-based journals collectively account for over 60% of the included studies. The dominance of these journals indicates alignment with globally accepted quality standards. Also, the journals’ research focus on sustainability, ethics, and performance outcomes highlights a convergence and centrality of ethics and governance in South Africa’s sustainability literature.

**4.1.2. Theoretical profiling**

Table 5 and Figure 5 present a theoretical analysis of all theories utilised by the studies reviewed. From the analysis above, the dataset reveals a theory-diverse landscape, although it is dominated by the agency and stakeholder paradigms, consistent with governance and accountability scholarship. Additionally, Agency theory (22%) serves as the key framework for explaining information asymmetry and corporate accountability, which is critically relevant for assurance and control frameworks in King IV/V guidelines. The stakeholder and legitimacy theories highlight the importance of sustainability and disclosure studies, integrating governance practices with societal legitimacy and stakeholders’ inclusivity.

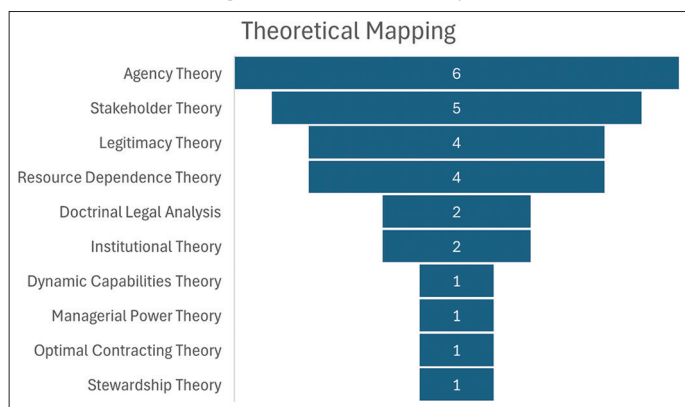
Furthermore, the resource dependence and institutional theories provide contextual frameworks, highlighting how organisational and regulatory environments shape assurance practices and the adoption of the King Code. Additionally, emerging theoretical frameworks

**Figure 4:** Journal publication frequency analysis



Source: Authors’ computation (2025)

**Figure 5:** Theoretical analysis



Source: Authors’ computation (2025)

such as the Dynamic Capabilities and Managerial Power theories suggest a multidimensional and global comprehension of governance that extends beyond compliance to drive towards capacity development and leadership ethics.

**4.2. Thematic Synthesis**

- I. Governance and ESG disclosure: From the review, it is seen that board independence, ethics and committee structures improve environmental and social disclosure quality (Corvino et al., 2020; Tshipa et al., 2018). This implies that strong governance characteristics (board independence, audit committee diligence, and ethical leadership) enhance ESG outcomes and build stakeholders’ trust. These findings align with the King IV principle of ethical and effective leadership.
- II. Assurance integration: A combined assurance framework is often adopted, inconsistently implemented, but usually symbolic, without proper disclosure and not integrated into decision-making (Adebayo and Ackers, 2023). Although King IV introduced combined assurance to coordinate audit providers, only a minority of organisations (SOEs and financial institutions) exhibit maturity beyond scope 2.
- III. Ethics and common law: King codes are now integrated in South African Jurisprudence (Rossouw, 2020; Judin, 2020), thereby reinforcing compliance and accountability. These developments highlight the integration of ethics within the legal system, which serves as a foundation for the implementation of IFRS S1/S2.
- IV. AI and digital governance: The new governance frameworks

for emerging technologies and economic outcomes require alignment with IFRS S1/S1 (Coovadia et al., 2025).

**4.3. Discussion of Findings**

*4.3.1. Alignment of King V philosophy with IFRS S1/S2*

The systematic review reveals that the transition from King IV to King V represents a critical shift from a qualitative governance ethos toward a quantified, assurance-based sustainability framework. The King IV guidelines emphasised ethical leadership and stakeholder inclusivity in decision-making, while King V (aligned with IFRS S1/S2) seeks to improve ESG reporting to financial-reporting equivalence. This shift aligns with institutional theory, specifically regulatory isomorphism, where domestic standards and regulatory frameworks evolve to be uniform with global reporting standards, thereby achieving legitimacy and comparability.

Therefore, the “apply or explain” principle now expands to demand verifiable, data-driven assurance to comply with IFRS S1/S2 expectations and stakeholders’ needs. Generally, both frameworks converge on transparency, materiality and accountability. King V’s framework naturally conforms with the IFRS S2/S2 decision-usefulness goal. However, empirical studies posit that there is uneven implementation of both frameworks as disclosures remain in narrative form and risk statements lack measurable outcomes.

*4.3.2. Assurance and combined assurance maturity*

The review findings also show a relationship between the agency and legitimacy theory. Consistent with the Agency Theory, assurance mechanisms act as monitoring tools, mitigating managerial opportunism and information asymmetry. Also, research (Adebayo and Ackers, 2023; Thiart, 2019) confirm that assurance statements enhance investors’ confidence but are often limited in application and consistency. Furthermore, the absence of standardised assurance maturity frameworks leads to selective assurance, especially in non-financial sectors. Conversely, entities with strong governance frameworks demonstrate the legitimacy theory, utilising independent assurance to enhance the social contract and public trust in corporate reports.

*4.3.3. Law governance and enforcement*

As posited by Rossouw (2020) and Judin (2020), ethics now function as a legal expectation rather than a voluntary principle resulting from the judicial recognition of King codes in South African jurisprudence. This legal-ethical model exemplifies the Governance of Ethics framework, which entails embedding moral accountability into board decision-making. This framework also strengthens the Stakeholder Theory’s need for inclusive governance by broadening accountability from shareholders to communities and the environment. This aligns with the IFRS S1/S2 vision of long-term value and environmental preservation.

*4.3.4. Comparative analysis: South Africa is a prototype for IFRS S1/S2 application*

South Africa’s regulatory system, anchored in the King Reports, positions it as a favourable environment for testing global ESG assurance. The King V introduces prescriptive assurance guidelines compatible with ISAE 3000 and ISAE 3410, bridging the global-local gap. Furthermore, unlike other African nations where governance

**Table 2: Inclusion and exclusion matrix**

Category	Inclusion criteria	Exclusion criteria
Time frame	Studies published from 2017 to 2025, capturing the King IV to King V transition and the implementation period of IFRS S1/S2	Pre-2017 studies
Language	English only	Non-English papers
Document type	Peer-reviewed journal articles	Editorials, commentaries, news articles, thesis reports.
Geographical focus	Key focus on South Africa, and the inclusion of emerging market studies that examine comparable governance or assurance practices	Studies on developed economies without relevance to South Africa’s context
Topical focus	Must address at least one of the following themes: Governance under King IV/V, sustainability, ESG reporting, Assurance, Combined assurance models, IFRS S1 and/or S2 alignment	Articles on corporate governance without relevance to sustainability or assurance
Theoretical/conceptual relevance	Studies extending governance theories	Technical studies without a link to governance or assurance.
Access and Availability	Full text available	Inaccessible studies

Source: Authors’ computation (2025)

**Table 3: Publication year trend**

Year	Publication frequency	Research focus
2017	0	Early exploratory studies (Tshipa et al., 2018) focusing on the governance-financial performance nexus
2018	2	
2019	4	Legal, ethical and King IV institutionalisation in South Africa and a growing interest in ethics and assurance in the South African corporate landscape (Thiart, 2019; Judin, 2020; Rossouw, 2020)
2020	6	
2021	2	Increase in empirical research with a focus on integrated reporting, ESG frameworks and disclosure and assurance mechanisms (Mokabane and Du Toit, 2022; Adebayo and Ackers, 2023).
2022	3	
2023	2	
2024	3	African research shifted towards IFRS S1/S2 readiness, AI-powered governance, and sustainability assurance (Coovadia et al., 2025; Scholtz et al., 2025)
2025	5	

Source: Authors’ computation (2025)

codes remain voluntary, South Africa’s quasi-legal integration of governance principles underpins its readiness for the application of IFRS S1/S2. These developments highlight the dynamic capabilities perspective, as South African firms are creating adaptive governance capacities to meet sustainability regulations, investor analysis and digital transformation demands from stakeholders.

In essence, the interplay between King V and IFRS S1/S2 sets the institutionalisation of combined assurance as a strategic governance capability rather than a compliance framework. Also, it integrates ethical leadership (King codes), financial assurance (IFRS) and stakeholder legitimacy (ESG expectations gap) into a unified sustainability accountability framework. For a successful and sustainable integration, regulators and boards must shift from narrative disclosures to embracing quantifiable assured metrics, ensuring that sustainability information is as decision-relevant as financial information.

**4.4. Discussion by Objectives**

*4.4.1. Objective 1: Conceptual/operational alignment between King V and IFRS S1/S2*

The review evidence shows that South Africa already incorporates sustainability into governance (Ramalho, 2020; Rossouw, 2020)

**Table 4: Journal publication frequency**

Year	Journal frequency	
	Journal of Accounting in Emerging Economies	2
	South African Journal of Accounting Research	2
	Managerial Finance	1
	Journal of Risk and Financial Management	1
	Potchefstroom Electronic Law Journal	1
	Corporate Governance (Bingley)	2
	National Accounting Review	1
	South African Journal of Business Management	1
	South African Journal of Economic and Management Sciences	2
	Journal of Leadership Studies	1
	Acta Commercii	1
	International Journal of Business Continuity and Risk Management	1
	Journal of Governance and Regulation	1
	Journal of Global Responsibility	3
	Sustainability (Switzerland)	1
	Koers	1
	Cogent Business and Management	1
	Journal of Business Continuity and Emergency Planning	1
	Sustainable Production and Consumption	1
	South African Journal of Accounting Research	1
	Journal of Legal, Ethical and Regulatory Issues	1

Source: Authors’ computation (2025)

**Table 5: Theoretical analysis**

Rank	Theory	Frequency	Share (%)
1	Agency Theory	6	22.2
2	Stakeholder Theory	5	18.5
3	Legitimacy Theory	4	14.8
4	Resource Dependence Theory	4	14.8
5	Doctrinal Legal Analysis	2	7.4
6	Institutional Theory	2	7.4
7	Dynamic Capabilities Theory	1	3.7
8	Managerial Power Theory	1	3.7
9	Optimal Contracting Theory	1	3.7
10	Stewardship Theory	1	3.7

Source: Authors’ computation (2025)

and operates through integrated reporting (Mokabane and Du Toit, 2022; Corvino et al., 2020). This provides an effective

platform for the adoption of IFRS S1/S2. Nevertheless, a decision-usefulness gap exists, particularly in terms of readability and clarity of risk narratives (Enslin et al., 2025). King's outcomes can be strategically linked to IFRS S1/S2 fundamental and enhancing qualitative characteristics (e.g. faithful representation, comparability) by framing materiality judgements, controls over non-financial information and governance at the corporate board level. This implies that boards should treat sustainability reports in the same manner as they handle their financial reporting process. With documented policies, models and board-committee oversight equivalent to that of corporate financial reporting.

#### 4.4.2. *Objective 2: Assess combined-assurance maturity*

From the review, it is seen that combined assurance is present but underdeveloped. SOE reporting indicates the presence of strategy statements without a comprehensive mapping of clear assurance levels (Adebayo and Ackers, 2023). Additionally, tax governance disclosure shows assurance items, but with limited depth and uneven levels of adoption (Thiart, 2019). Furthermore, for IFRS S1/S2, this gap risks fragmented assurance over greenhouse gas inventories, scenario analysis and risk management processes. This implies that organisations need formal combined-assurance maps, defined levels of assurance (limited/reasonable) per disclosure set, and audit-committee charters that explicitly govern sustainability assurance scope, independence, and competence of the sustainability assurance provider.

#### 4.4.3. *Objective 3: Effectiveness, challenges and outcomes*

In terms of effectiveness, it is conditional. This is because governance is related to sustainability disclosure (Corvino et al., 2020) and to financial performance in a selective context (Scholtz et al., 2025); however, the relationships vary by metric, sector and regime (Tshipa et al., 2018; Vivers et al., 2023). Furthermore, key challenges such as narrative opacity and readability, assurance fragmentation and absence of explicit levels of assurance and provider roles, limited integration of AI/technology governance with sustainability evidence trails (Coovadia et al., 2025) and index-style methodology or single-year designs that obscure quality and causality (Thiart, 2019; Adebayo and Ackers, 2023). In terms of outcomes, the King's "apply and explain" must be linked to verifiable outcomes (information control, assurance opinions, decision-usefulness tests, such as analyst-forecast quality), not just a narrative-based compliance.

#### 4.4.4. *Objective 4: Evidence gaps and agenda*

According to the research findings, IFRS S1/S2-specific tests are lacking, and there is a need for pre- and post-adoption studies, with assurance level and provider mix as moderators. In addition, combined assurance quality should move beyond symbolism to coverage, depth and independence by developing maturity indices. Additionally, there is a need for sector-comparative climate governance, which links risk management, scenario analysis and capital allocation to disclosure quality and assurance conclusions. Importantly, there is a need for digital and technological governance, linking ethical AI and data governance to traceable, auditable sustainability data streams (Coovadia et al., 2025).

## 4.5. Theoretical, Practical and Theoretical Implications

The findings from this study extend the agency and legitimacy theories by emphasising assurance as a governance control framework, bridging sustainability information and stakeholders' trust. Practically, it provides a model for how African regulators can harmonise national governance codes with IFRS-based disclosure systems. In terms of policy, regulators (JSE, IRBA and IoDSA) need to issue combined assurance maps and provide explicit disclosure of their assurance level, depth and scope. There is also a need to consider comply or explain on reasonable assurance for high-materiality metrics by sector. Furthermore, universities and professional bodies should embed IFRS S1/S2, as well as assurance, in their curricula and engage stakeholders through workshops that pair accounting, data science and climate risk management.

## 5. CONCLUSION AND POLICY RECOMMENDATIONS

This study sought to investigate the evolving alignment between South Africa's corporate governance architecture and the emerging global sustainability reporting regime, with particular emphasis on the transition from King IV to King V framework and its convergence with IFRS S1/S2. The findings highlight that King V presents South Africa with a key opportunity to consolidate its governance leadership through full alignment with IFRS S1/S2. Additionally, evidence reveals progress in ethics, board leadership and integrated reporting. Nevertheless, assurance integration remains inconclusive. Therefore, a deliberate focus on combined assurance (supported by capacity building, digital tools and sector-specific guidance) is essential for South Africa to maintain its global reputation for governance excellence. Research evidence shows clear readiness gaps despite South Africa having a fertile foundation for IFRS S1/S2 implementation, which is rooted in the King's tradition. Our success roadmap translates fragmented insights into concrete governance policies and actions that can accelerate credible, decision-useful sustainability reporting in the King V era.

### 5.1. Practical Roadmap

Based on the review findings, the transition to King V code in South Africa requires corporate organisations to shift from a narrative-based governance framework to one focused on measurable outcomes, as seen in the traditional financial reporting system. Therefore, the following pathways provide a practical context-specific governance roadmap for corporate boards, audit committees, sustainability committees and executive leadership units seeking to institutionalise credible, assured sustainability reporting.

#### 5.1.1. *Strengthening ownership and oversight through structured governance*

King V places explicit responsibility for sustainability integrity on the governing body, emphasising ethical leadership, accountability and outcome-oriented governance. Corporate boards must therefore formally assign IFRS S1/S2 oversight functions to

specific board committees (Sustainability, Audit, Risk and Ethics committee). Additionally, organisations should update the corporate board's skill capacity and features to include climate literacy, data governance, assurance competence, scenario analysis expertise, digital skills and technological literacy to reflect King V's emphasis on digitisation and integrated oversight.

#### *5.1.2. Implementation of financial-grade (Sarbane-Oxley Style [SOX]) internal controls for sustainability reporting*

There is a need to elevate sustainability reporting to match the standards of financial reporting, consistent with the requirements of IFRS S1/S2 for accuracy, completeness and verifiability. To achieve this, corporate boards must mandate SOX-like internal control frameworks adapted for sustainability and climate data. Additionally, there should be an integrated ESG-risk model providing information to enterprise-wide ERM frameworks. There is also a need to establish a data lineage, master data governance, evidence trail and audit-ready documentation.

#### *5.1.3. Integration of climate risk into enterprise strategy and capital allocation*

IFRS S2 requires significant disclosure of climate-related risks, scenario analysis and strategic resilience. Corporate boards should therefore embed climate scenario analysis governance within risk and strategy committees. Also, managers should be mandated to demonstrate strategic resilience in high-risk sectors. For instance, carbon regulation exposure for mining. Sectors such as mining and energy are impacted by climate policy trajectories, including the Carbon Tax Act and the National Climate Change Bill. This pathway ensures a forward-looking governance system in South Africa.

#### *5.1.4. Development of a King V-complaint combined assurance map*

The King V affirms the combined assurance philosophy introduced in King IV, but with a stronger emphasis on assurance quality, integrity, and transparency. Therefore, corporate boards must develop a formalised Combined Assurance Map, which entails documenting key responsibilities across management, internal controls, internal audit, external assurance providers and regulatory oversight. Additionally, there should be a clear indication of the assurance level (none, limited, or reasonable) applied to each corporate disclosure, ensuring that combined assurance is integrated and not merely symbolic.

#### *5.1.5. Establishing an assurance scoping framework*

Based on the research outcomes, to comply with the requirements of IFRS S1/S2 and market expectations, corporate organisations must adopt a tiered assurance approach. This framework comprises: Applying reasonable assurance for scope 1 and scope 2 emissions, internal carbon pricing and materiality governance metrics. Additionally, there should be the application of limited assurance to emerging and complex disclosures such as Scope 3 categories, financed emissions and value-chain climate exposures. This pathway is critical as investors are increasingly demanding reasonable assurance regarding carbon emissions due to concerns about greenwashing.

#### *5.1.6. Enhance decision usefulness and readability of sustainability disclosures*

The IFRS S1 prioritises clarity, comparability and decision usefulness. To align with these tenets, corporate boards must adopt a "clear-language governance" template for risk descriptions, drawing on King V's emphasis on transparency and brevity. Additionally, there is a need to integrate machine-learning text analysis and other AI tools to detect vague language and inconsistent disclosures. Research (Enslin et al., 2025) shows that JSE narratives are overly technical or complex. There is a need to improve readability to strengthen stakeholders' legitimacy and align with global trends.

#### *5.1.7. Transparent assurance-backed sustainability reporting*

The King V emphasises outcome-driven governance. Therefore, firms must ensure that sustainability reporting includes a clear assurance scope, criteria and materiality thresholds. There should also be disclosure of key audit matters relating to sustainability information. Furthermore, there is a need for year-on-year tracking of control improvements, assurance expansions and integration of sustainability outcomes into remuneration policies and governance, board evaluations, risk management reports, and stakeholder engagement statements.

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