

***King V™ Report on Corporate Governance for South Africa, 2025***

1. Paragraph 38 under principle 5 of *King V™ Report on Corporate Governance for South Africa, 2025 (King V™)* provides that, when determining whether a non-executive member can be categorised as independent or not, the governing body should evaluate all pertinent factors and circumstances holistically and within the substantive meaning of independence.

In this regard

- 1.1 paragraph 42(d) of *King V™*, for example, states that one of the factors that may indicate that a member cannot be categorised as independent is where the member or a party related to the member had been in the employ of the organisation as an executive manager prior to the preceding three financial years without having served a cooling-off period of at least three years during which there had been no significant involvement in any capacity with the organisation.

This means, for example, that a person who was in the employ of the executive management of a company does not ordinarily meet the independence requirement.

- 1.2 paragraph 42(e) of *King V™*, for example, states that another factor that may indicate that a member cannot be categorised as independent is where the member or a party related to the member has been the designated external auditor responsible for performing the statutory audit for the organisation, or a critical member of the audit team of the external audit firm, during the preceding three financial years.
- 1.3 paragraph 42(h) of *King IV™* states furthermore, a factor that may indicate that a member cannot be categorised as independent is where the member or a party related to the member has served as member of the governing body for longer than nine years .