

King IV™ Report on Corporate Governance for South Africa, 2016

1. Paragraph 28 under principle 7 of *King IV™ Report on Corporate Governance for South Africa, 2016* (*King IV™*) provides that, when assessing the independence of a member of the board of directors (board), a number of considerations, and the assessment must be based on substance over form.

In this regard

- 1.1 paragraph 28(d) of *King IV™*, for example, states that the assessment of the independence of a board member must take into account whether that person has been in the employ of the organisation as an executive manager during the preceding three financial years.

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 28(e) of *King IV™*, for example, states that the assessment of the independence of a board member must take into account whether that person has been the designated external auditor responsible for performing the statutory audit for the organisation, or a key member of the audit team of the external audit firm, during the preceding three financial years.

2. Paragraph 29 under principle 7 of *King IV™* states that a non-executive member of the governing body may continue to serve in an independent capacity for longer than nine years if, upon an assessment by the governing body conducted every year after nine years, it is concluded that the member exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.