

Guidance for Boards and Nomination Committees



FIT AND PROPER DUE DILIGENCE

A GUIDE ON APPLYING FIT AND PROPER ASSESSMENTS
PRIOR TO THE APPOINTMENT OF DIRECTORS



CONTENTS

BACKGROUND	3
PURPOSE.....	4
“FIT AND PROPER” IN THE CONTEXT OF DIRECTOR APPOINTMENTS	4
CONDUCTING EFFECTIVE “FIT AND PROPER” ASSESSMENTS.....	4
RECOMMENDED CHECKS FOR PROSPECTIVE DIRECTORS	5
CONCLUSION	8
Annexure A - Candidate Self-Declaration Template.....	9
Annexure B - Overview of common due diligence providers	12

Disclaimer

The information contained in this guidance paper is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although every endeavour is made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. The views and opinions contained in this guidance paper are merely guidelines for information purposes only, and as such no action should be taken without first obtaining appropriate professional advice. The IoDSA shall not be liable for any loss or damage, whether direct, indirect, consequential or otherwise, which may be suffered, arising from any cause in connection with anything done or not done pursuant to the information presented herein. All copyright in this paper subsists with the IoDSA, and extracts of this paper may only be reproduced with acknowledgement to the IoDSA.

Version Date: 5 May 2026

BACKGROUND

The governance and regulatory expectations applicable to the appointment of directors have evolved significantly, with increased emphasis on demonstrable and structured due diligence processes.

A fairly recent addition to the [JSE Listings Requirements](#) provides that:

“The board must perform a fit and proper assessment of each person, before such person is nominated/appointed as a director or appointed to fill a casual vacancy. The assessment by the board, as a minimum, must include an investigation into the background of the person, including independent verifications of qualifications.” - Section 5.6

This requirement establishes a minimum regulatory threshold for companies listed on the JSE and signals a shift from discretionary good practice to mandatory, evidence-based assessment. This is aligned with the JSE requirement for directors to submit a [Schedule 1 declaration](#) upon appointment to a JSE listed company board. A structured and robust due diligence process assists boards in ensuring that the information provided in such declarations is accurate, complete and capable of verification.

This is also consistent with [King V](#), which states, in relation to board composition, that:

“The governing body should oversee and monitor that prior to candidates’ nomination for election, thorough background checks are conducted, with qualifications and designations independently verified.” - Principle 5, Recommended Practice 37c

It is further reinforced by the [Companies Act](#), which provides that “a company must not knowingly permit an ineligible or disqualified person to serve or act as a director.¹” This underscores the legal responsibility of boards to take reasonable steps to verify the eligibility of prospective directors.

Shareholders play a critical role in holding the company and its directors to account, including through their right to vote on the election and re-election of non-executive directors. It is therefore important that shareholders can have confidence that nominated candidates have been subject to appropriate and reliable due diligence processes.

Boards may obtain assurance regarding prospective candidates from a range of sources, including:

- Curriculum vitae
- Interviews
- References and informal networks
- Publicly available information, including internet and media searches
- Candidate self-declarations (refer to Annexure A for a template)

A candidate self-declaration is an important component of the process, as it requires the individual to formally disclose relevant information prior to checks being done and provides a basis for accountability.

While these sources remain relevant and useful, they are insufficient in isolation. Boards should ensure that key elements of the information provided — particularly those relating to identification, criminal record, qualifications/designations — are independently verified through appropriate third-party checks.

¹ Section 69(3) of the Companies Act 71 of 2008 (as amended)

PURPOSE

The purpose of this guidance is to:

- Clarify the meaning and scope of a fit and proper assessment in the context of director appointments
- Provide practical guidance on the checks that should be considered
- Identify appropriate sources and service providers available in South Africa (refer to Annexure B)
- Support boards and nomination committees in implementing consistent, defensible and auditable vetting processes

This guidance paper focuses specifically on objective vetting checks. It does not address broader considerations relating to board composition, skills, experience, diversity or cultural fit, which should be considered separately as part of the nominations process. The IoDSA's earlier guidance on [director due diligence](#) appropriately includes both elements; however, this guidance isolates the minimum vetting requirements required to meet expectations.

“FIT AND PROPER” IN THE CONTEXT OF DIRECTOR APPOINTMENTS

For purposes of this guidance, a “fit and proper” assessment should, at a minimum, consider whether a prospective director demonstrates:

- Legal eligibility and integrity (including compliance with statutory requirements and absence of disqualification, delinquency, criminal or regulatory findings)
- Financial soundness (including absence of insolvency or material financial distress that may impair judgement)
- Reputation and conduct (including adverse traditional/social media, litigation or associations that may pose reputational risk)
- Authenticity of qualifications and professional standing (including independent verification of academic qualifications and professional memberships/designations)

CONDUCTING EFFECTIVE “FIT AND PROPER” ASSESSMENTS

Boards should ensure that fit and proper assessments are conducted in a manner that is robust, consistent and capable of withstanding scrutiny. In this regard, the following considerations are relevant:

Principles underpinning the process

- **Independent** – key elements, particularly identification, qualification verification and criminal and financial records, should be conducted by independent third parties.
- **Consistent** – once the scope of due diligence is determined, it should be applied uniformly to all candidates, irrespective of profile, reputation or shareholder nomination.
- **Documented** – evidence retained to demonstrate compliance with regulatory requirements
- **Proportionate** – enhanced due diligence applied where appropriate (e.g. for chairpersons or highly regulated entities).
- **Lawful** – conducted in compliance with applicable legislation, including POPIA².

² Protection of Personal Information Act 4 of 2013

Practical implementation considerations

- The nomination committee (or board where none exists) should oversee the process.
- A standardised due diligence checklist should be adopted and applied consistently across candidates.
- The process should be completed prior to nominating non-executive directors for first-time election, and relevant components should be refreshed at every re-election of a director to identify any changes in circumstances since the previous appointment.
- In the case of executive directors, boards should consider the extent of due diligence already performed at the time of employment and assess whether this meets the standard required for director appointments, with any gaps addressed through additional checks prior to appointment to the board.

Common pitfalls to avoid

- Reliance solely on curriculum vitae or confirmations from a headhunting firm without independent verification
- Assumptions that well-known individuals or individuals who already serve on other listed boards do not require formal vetting
- Assumptions that the relevant checks do not need to be performed for individuals who are already employed by the organisation (e.g. those being appointed as executive directors)
- Over-reliance on interviews and references in place of objective verification
- Failure to apply appropriate due diligence to existing directors standing for re-election, particularly where prior vetting was limited or not aligned with current standards

RECOMMENDED CHECKS FOR PROSPECTIVE DIRECTORS

The checks outlined below represent a range of due diligence measures that boards should consider when assessing whether a candidate is fit and proper for appointment as a director.

Certain checks should be independently verified through appropriate third-party sources, where reliable and accessible mechanisms exist to objectively confirm the information.

For other checks, while equally important to the overall assessment, independent verification may not always be readily achievable. In these cases, boards may obtain assurance through a combination of sources, including self-declarations, public information and targeted searches, with independent verification applied where necessary based on the circumstances.

Boards should consider all of the checks outlined below, with the distinction reflecting the level of verification achievable rather than the importance of the check.

Table 1: Due Diligence Checks (Independent Verification Required)

These checks should be independently verified through appropriate third-party sources in all cases, as reliable and accessible mechanisms exist to objectively confirm the information.

Check	Purpose	Suggested Sources / Providers (in addition to candidate self-declaration)	
1	Identity verification	Confirm the identity of the individual and that they are a natural person with the legal capacity to serve (i.e. not a minor or legally incapacitated)	MIE, Transunion, Experian
2	Criminal record	Assess integrity and history of unlawful conduct, specifically those related to disqualification to serve i.e. convictions involving theft, fraud, forgery, perjury, corruption, misrepresentation, dishonesty, money laundering, terrorist financing, proliferation financing activities or similar offences	MIE, SAPS police clearance certificate, Nexis Diligence
3	Insolvency/sequestration status	Confirm absence of disqualification to serve as a director	MIE, TransUnion, Experian, XDS
4	Credit check, including judgments/adverse credit listings	Assess financial distress and potential vulnerability	MIE, Transunion, Experian, XPS
5	Delinquent director status	Confirm absence of disqualification as a result of delinquency	CIPC Delinquent Directors Register
6	Qualification verification	Confirm academic credentials (mandatory requirement for listed companies)	MIE, NVS, SAQA
7	Professional designation verification	Confirm legitimacy of professional titles	Relevant professional bodies (e.g. SAICA, IRBA, ECSA, IoDSA)

Table 2: Due Diligence Checks (Verified Approach May Vary)

These checks should not be disregarded; however, the level of verification may vary depending on the circumstances. These checks include matters that may affect legal eligibility or reputation but may not always be capable of direct independent verification. Boards should therefore obtain assurance through a combination of judgment and sources, including self-declarations and searches of public information. Where considered possible and necessary, independent verification may also be obtained.

	Check	Purpose	Suggested Sources / Providers
8	Prohibition by a court	Confirm absence of disqualification to serve as a director	Nexis Diligence, public records, media searches
9	Prohibition by public regulation	Confirm absence of disqualification to serve as a director	Regulator websites (FSCA, IRBA, JSE), enforcement announcements and public disclosures via targeted searches
10	Removed from office of trust on grounds of misconduct involving dishonesty	Confirm absence of disqualification to serve as a director	Nexis Diligence, legal and litigation databases, regulator disclosures, public records, media searches
11	Probationary status as a director	Confirm legal eligibility to serve as a director	Nexis Diligence, public court records, media searches
12	Media screening	Identify reputational risks and adverse publicity	Media databases, Internet searches
13	Social media review	Identify behavioural risks or public conduct concerns	MIE, Social media public platforms
14	Litigation history	Identify legal disputes that may pose a risk	Published judgments on SAFLII , Legal databases (LexisNexis), Public records and media searches
15	Professional membership status	Confirm membership in good standing, including disciplinary processes/findings (if any).	Direct confirmation with relevant professional body like IoDSA and SAICA
16	Financial crime and sanctions screening (including PEP and PIP associations)	Identify exposure to financial crime risks, including sanctions, politically exposed persons (PEPs) and/or prominent influential persons (PIPs), adverse media and other associations that may pose risk	LSEG World-Check; Nexis Diligence

CONCLUSION

The introduction of mandatory fit and proper requirements in the JSE Listings Requirements reflects an increased expectation that boards undertake structured, rigorous and verifiable due diligence prior to the appointment of directors. As referenced earlier, this is merely an extension of established broader best practice and legal requirements and hence should not be understood to only apply to listed companies.

A formalised and consistently applied vetting process is essential not only for regulatory compliance, but also for safeguarding the integrity, credibility and effectiveness of the board.

By implementing the practices outlined in this guidance paper, boards will be better positioned to demonstrate that director appointments are made on the basis of robust, objective and defensible processes, aligned with both regulatory requirements and leading governance practices, whilst mitigating the risk of appointing individuals whose conduct or background may expose the organisation to reputational, regulatory or financial risk.

Annexure A

Candidate Self-Declaration Template in Support of Fit and Proper Assessment for Nomination as a Director

Candidate details:

Full name: _____

ID number/passport number: _____
(attach a certified copy of your identity document or passport)

Nationality: _____

Residential address: _____

Contact number: _____

Email address: _____

Date: _____

Academic and professional qualifications: *(attach copies of the relevant qualification certificates)*

Qualification	Institution	Country	Year Obtained

Professional memberships and designations: *(attach copies of membership and designation certificates)*

Membership/Designation	Institution	Year obtained	Current status

Board experience/references:

Company served on	Role/Capacity	Referee Name and Number	Referee Role

	DECLARATON	YES	NO
1	Do you confirm that the identity information provided above is true and correct.		
2a	Have you ever been convicted of any criminal offence, including any offence involving theft, fraud, forgery, perjury, corruption, misrepresentation or similar conduct?		
2b	To the best of your knowledge, have you ever been implicated in, investigated for, or accused of fraud, corruption, bribery, money laundering or similar misconduct?		
3	Are you currently, or have you ever been, an unrehabilitated insolvent, provisionally or finally sequestrated, or subject to any equivalent insolvency process?		

4	Have you ever had any civil judgment, adverse credit listing, debt enforcement process, payment default pattern, business rescue-related financial exposure, or other material financial distress that may reasonably be relevant to an assessment of your financial soundness?		
5	Have you ever been declared a delinquent director, or been the subject of any application or proceedings to declare you delinquent as a director?		
6	Do you confirm that the qualifications listed above are authentic and were lawfully obtained?		
7	Do you confirm that any professional designation listed above is valid and in good standing with the relevant institution/professional body?		
8	Have you ever been prohibited by a court, regulator or other competent authority from acting as a director, officer, trustee, fiduciary or from holding any position of trust, or been removed from such office due to misconduct?		
9	Have you ever been subject to any regulatory sanction, administrative penalty, enforcement action, disciplinary finding or adverse finding by any regulator, exchange or supervisory body?		
10	Have you ever been removed from office of trust on grounds of misconduct involving dishonesty?		
11	Have you ever been placed under probation, restriction, conditional appointment (other than standard probationary periods applicable to employment) or similar limitation in relation to serving as a director or officer of a company?		
12	Are you aware of any adverse media coverage, public controversy or reputational matter concerning you that may reasonably be relevant to your proposed appointment?		
13	Are you aware of any content on your public social media platforms that may reasonably raise concerns regarding your judgement, conduct, integrity, professionalism or suitability for board appointment?		
14	Have you personally been involved in any litigation, arbitration, tribunal proceedings or similar dispute that may reasonably be relevant to this appointment?		
15	Have you ever been suspended, censured, sanctioned, investigated or found guilty in any disciplinary process by a professional body or membership organisation?		
16	Are you currently, or have you ever been, listed on any sanctions list, identified as a politically exposed person (PEP), or associated with any individual or entity subject to sanctions or implicated in financial crime or corruption?		

Please disclose any other information not covered above that may be relevant to an assessment of your suitability for appointment as a director.

Where any question has been answered “Yes”, please provide full details, including the nature of the matter, relevant dates, outcomes and any mitigating circumstances.

I declare that the information provided in this self-declaration is, to the best of my knowledge and belief, true, complete and not misleading.

I undertake to notify the organisation promptly should any information provided in this declaration change prior to any appointment or nomination.

I consent to the organisation conducting such independent verification checks as it may consider appropriate in relation to this declaration, including checks with service providers, regulators, courts, professional bodies, educational institutions and other relevant sources.

Candidate signature

Signature: _____

Date: _____

Annexure B

Overview of common due diligence providers

The service providers listed below are illustrative examples identified through publicly available information and are not intended to represent a complete or exhaustive list. The inclusion of any provider does not constitute an endorsement, and boards should conduct their own assessment when selecting appropriate service providers.

Boards may utilise a combination of service providers, depending on the depth of due diligence required. In practice:

- Providers such as MIE offer comprehensive background screening (including criminal, credit and qualification checks)
- Specialist providers such as NVS and SAQA may be used for independent qualification verification
- Credit bureaus such as Transunion, Experian and XDS offer credit information, financial behaviour data and identity-related verification, but do not provide comprehensive background screening
- Nexis Diligence provides enhanced legal, regulatory and reputational screening
- LSEG World-Check provides advanced global sanctions and adverse media screening

No single provider typically covers all aspects of due diligence. The selection of providers should be informed by the level of risk associated with the appointment and the depth of due diligence required.

COMPREHENSIVE VERIFICATIONS PROVIDERS

Managed Integrity Evaluation (MIE) - A comprehensive background screening provider widely used in SA

Offers:

- Adverse financial history/credit checks
- Criminal record checks
- Employment history verification
- Identity verification
- Qualification verification (including foreign)
- Social media screening

Does NOT cover:

- Full global sanctions and politically exposed persons (PEP) screening at the level of specialised international databases

Use case: Appropriate baseline provider for standard NED vetting

QUALIFICATION VERIFICATION PROVIDERS

South African Qualifications Authority (SAQA) - The statutory body responsible for overseeing the National Qualifications Framework and maintaining the National Learners' Records Database

Offers:

- Verification of qualifications against the NQF
- Confirmation of learner records recorded on the National Learners' Records Database (NLRD)
- Evaluation of foreign qualifications for equivalence in South Africa
- Validation of qualification legitimacy and accreditation status

Does NOT cover:

- Direct verification with academic institutions in all cases
- Criminal record checks
- Credit or financial standing checks
- Broader background or reputational screening

Use case:

Official confirmation of qualification legitimacy and equivalence, particularly for South African and foreign qualifications

National Validation Services (NVS) - *A specialist provider focused on independent verification of academic qualifications and professional credentials*

Offers:

- Direct verification of qualifications with academic institutions
- Foreign qualification verification and equivalence assessment
- Professional membership and accreditation checks

Does NOT cover:

- Criminal record checks
- Credit or financial standing checks
- Broader background screening (e.g. employment or reference checks)
- Global sanctions or reputational risk screening

Use case:

Independent and specialist verification of academic qualifications and professional credentials

CREDIT BUREAUS FOR FINANCIAL / CREDIT VERIFICATION

Xpert Decision Systems (XDS) - *A South African credit bureau with some additional verification capabilities*

Offers:

- Credit reports and credit scores
- Information on credit judgments, defaults and adverse listings
- Identity and risk indicators derived from credit data

Does NOT cover:

- Qualification verification
- Criminal record checks
- Investigative fraud or corruption screening
- Comprehensive adverse media or reputational screening
- Global sanctions and PEP screening

Use case: Alternative credit and verification provider within the South African market

Experian - *A credit bureau offering broader verification and background screening services*

Offers:

- Credit reports and credit scores
- Financial behaviour and affordability data
- Information on defaults, judgments and adverse credit listings
- Identity verification and fraud detection tools

Does NOT cover:

- Comprehensive background screening (criminal, employment and reference checks)
- Independent academic qualification verification
- Global sanctions and PEP screening

Use case: Assessment of financial soundness, identity verification and fraud risk

TransUnion - *A credit bureau focused on financial behaviour and creditworthiness*

Offers:

- Credit checks
- Identity verification

Does NOT cover:

- Criminal record checks
- Qualification verification

- Comprehensive background screening
- Use case:** Assessment of financial soundness and identity verification

SUBSCRIPTION-BASED RISK SOLUTIONS

Nexis Diligence - An enhanced due diligence and investigative platform that enables organisations to conduct background checks and risk assessments on individuals and organisations

Offers:

- Enhanced due diligence and investigative background research
- Investigation of reputational, regulatory and financial risk
- Adverse information and risk identification (including fraud, corruption and unethical conduct)
- Sanctions and politically exposed persons (PEP) screening

Does NOT cover:

- Standardised employment-style verification checks (e.g. packaged criminal, credit and qualification checks)
- Direct academic qualification verification (requires specialist providers such as SAQA or QVS)
- Standalone credit bureau services

Use case: Enhanced due diligence, particularly for higher-risk, high-profile or sensitive appointments where deeper reputational, legal and regulatory insight is required

LSEG World-Check - A global database for sanctions, politically exposed persons and reputational risk screening

Offers:

- Sanctions screening
- Politically exposed persons (PEPs) identification
- Adverse media screening
- Global enforcement and regulatory data

Does NOT cover:

- Criminal record checks at a national level (e.g. SAPS-based checks)
- Qualification verification
- Credit or financial standing checks

Use case: Enhanced due diligence for high-risk/high-profile industries/appointments



HOW CAN WE HELP YOU?

Individual Services	Corporate Services	Thought Leadership
<ul style="list-style-type: none">- IoDSA Membership- Director Designations- Individual Director Development Programmes	<ul style="list-style-type: none">- Customised Board Development Programmes- Board Performance Evaluations- Governance Advisory Services	<ul style="list-style-type: none">- King Reports- Guidance Papers- Research Papers- Technical Webinars

www.iodsa.co.za

info@iodsa.co.za

+27 11 035 3000