



# SOCIAL ETHICS REMUNERATION AND NOMINATIONS COMMITTEE

(“THE COMMITTEE”)

## CHARTER

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## 1. Introduction

The Social Ethics Remuneration and Nominations Committee (the Committee) is constituted as a sub-committee of the Board in accordance with King IV's best practice requirements. The overall objective is to ensure a high level of corporate governance throughout the Compliance Institute Southern Africa ("the Institute"). The Charter sets out the framework within which the Committee will operate to make a positive contribution to the Institute and to enable the Board to provide the necessary assurances to its stakeholders.

## 2. Purpose

The Committee's role is to act on behalf of the Board and oversee all material Social Ethics Remuneration and Nominations (SERN) aspects of the Institute.

- Assist the Board in governing the ethics of the Institute in such a way to establish an ethical culture and to ensure that the Institute is seen to be a responsible citizen. (Social and Ethics King Principles 2 & 3)
- Ensure that the Institute remunerates fairly, responsibly and transparently as to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term. (Remuneration King Principle 14)
- To ensure that Board "comprise of the appropriate balance of knowledge skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively. (Nominations King Principle 7)

## 3. Authority

The Board has authorised the Committee, within the scope of their duties and responsibilities set out in this Charter, to:

- Approve any professional advisors that the SERN may require to assist in their duties;
- Make recommendations to the Board;
- Approve relevant policies as determined by the Board;
- Require the attendance of any employee at meetings as appropriate;
- Have unrestricted access to staff and information considered relevant to responsibilities under this Charter;
- Investigate other matters brought to its attention or requested by the Board.

## 4. Responsibilities

### 4.1 Social and Ethics

Monitor the Institute's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- Social and economic development, including the Institute's standing in terms of the goals and purposes of -
  - the 10 principles set out in the United Nations Global Compact Principles; and
  - the OECD recommendations regarding corruption;
  - the Employment Equity Act; and
  - the Broad-Based Black Economic Empowerment Act;
- Good corporate citizenship, including the Institute's -
  - promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
  - record of sponsorship, donations and charitable giving;
- The environment, health and public safety, including the impact of the Institute's activities and of its products or services;
- Consumer relationships, including the Institute's advertising, public relations and compliance with consumer protection laws;
- Labour and employment, including -
  - the Institute's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - the Institute's employment relationships, and its contribution toward the educational development of its employees;
- To draw matters within its mandate to the attention of the Board as occasion requires; and
- To report, through one of its members, to the members at the Institute's Annual General Meeting on the matters within its mandate.

### 4.2 Nominations

- Recommending to the Board policies and processes designed to provide for effective and efficient governance, including, but not limited to, policies for:
  - Evaluation of the Board and the chairperson.
  - Election and re-election of Board members.

- Board orientation and education.
- Succession planning for the Board chair and other Board leaders.
- Reviewing and recommending a position description detailing responsibilities of and expectations for Board members and the Board chairperson.
- Recommending nominees for election and re-election to the Board. To facilitate this responsibility, the committee will:
  - Develop and recommend to the Board a statement of the competencies and personal attributes currently needed on the Board, to be used as a guideline for recruitment and election of Board members.
  - Conduct a “gap analysis” to identify succession planning/recruitment needs.
  - Develop and regularly update a list of potential Board members regardless of whether a current vacancy exists.
  - Oversee a process for vetting the fitness of prospective nominees.
  - Develop and oversee a plan for enhancing Board diversity.
  - Evaluate the performance of individual Board members eligible for re-election.
- Reviewing the Memorandum of Incorporation annually and recommending any required changes to the full Board.
- Advising management on plans for Board education, including new member orientation, education of Board members, and an annual Board retreat.
- Overseeing the Board’s self-assessment and improvement process every year.

#### 4.3 Remuneration

The Committee should assist the Board in its responsibility for setting and administering remuneration policies in the company's long-term interests.

The Committee considers and recommends remuneration policies in respect of all levels in the company but should be especially concerned with the remuneration of senior management, including the Chief Executive Officer.

In proposing the remuneration policy, the Committee should ensure that the mix of fixed and variable pay, in cash and other elements, meets the company’s needs and strategic objectives. Incentives should be based on targets that are stretching, verifiable and relevant.

- The Committee should satisfy itself as to the accuracy of recorded performance measures that govern vesting of incentives.
- Long-term incentives should be exercised to ensure that remuneration policies do not encourage behaviour contrary to the company’s strategy.

- The Committee should annually review the benefits offered by the company to determine:
  - whether they are appropriate and competitive given the industry, the company's financial position, legislative requirements, and market benchmarks and trends;
  - if the costs relating to the administration of the benefits / schemes are justified. This may include an assessment of how the benefits are perceived and understood by participants;
  - whether the benefits/schemes meet the needs of employees and are fair towards all employees.
  - whether benefits that are offered to executives are similarly offered to employees and if not, what the justification is.

#### 4.4 Other

- Establish and monitor procedures for the receipt, retention and treatment of complaints received by the Institute regarding social and ethics matters, including procedures for the confidential, anonymous submission by employees of the Institute of concerns.
- The development and maintenance of a governance framework.
- Review and update the Committee's Terms of Reference at least annually.
- Review and approve significant conflicts of interest and related party transactions.
- Conduct or authorise investigations into any matter within the Committee's scope of responsibilities.
- The Committee will be empowered to retain independent counsel and other professionals to assist in conducting any investigation.

### 5. Composition and Chair

The Committee appointments shall be approved by the Board at least annually and shall consist of, at least three (3) and a maximum of six (6) independent non-executive directors. The Committee chairperson shall be selected by the Committee.

All committee members must have knowledge of the primary activities of the Institute and the committee as a whole should have:

- Expertise in legislation, regulatory requirements, legal principles, processes and systems. Including interpreting and applying legislation or understanding the legal dimensions of Institute-specific organisational issues;
- General experience in developing and structuring organisations;
- An understanding and experience in HR management and talent development, change management and cultural transformation, compensation issues and models;

- Knowledge or expertise in, strategic human resource management. This may include workforce planning, employee engagement, succession planning, organisational capacity, compensation and professional development;
- The ability to understand key social and ethics risks and related controls and control processes; and
- Access to its own counsel and other advisors at the Committee's sole discretion.

## 6. Meetings

### 6.1 Quorum and Voting

A quorum for any meeting of the Committee shall consist of a majority of members present.

All significant decisions will be at the discretion of the Committee to refer to the Institute's Board for ratification:

- Each member shall have one vote;
- Decisions will be made based on a majority vote taken by the quorum; and
- The Committee Chairperson shall have a casting vote in the event of a deadlock.

### 6.2 Meeting attendees

The Committee shall request members of management, external counsel and advisers, as applicable, to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.

Periodically, and at least annually, the Committee shall meet in private sessions with members only.

The Committee and/or the Committee Chair may at any time with or without management's attendance meet with the Institutes counsel.

The Chief Executive Officer shall be permanent invitee to the Committee meetings.

### 6.3 Meeting frequency

The Committee shall meet at least twice a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chair.

### 6.4 Notice of Meetings

Committee meeting agendas shall be the responsibility of the Committee Chair, with input from Committee members. It is expected that the Chair will also ask for management and key Committee advisors, and perhaps others, to participate in this process.

Meeting packs of each meeting of the Committee, confirming venue, time and date and enclosing the minutes of the previous meeting and an agenda of items to be discussed shall, other than in exceptional circumstances, be forwarded to each Committee member and invitee, not less than five working days prior to the meeting.

## 7. Committee operating principles

The Committee shall fulfil its oversight responsibilities within the context of the following overriding principles:

### 7.1 Communications

The Chair and others on the Committee shall, to the extent appropriate, maintain an open avenue of contact throughout the year with senior management, other Committee Chairs and other key Committee advisors as applicable, to strengthen the Committee's knowledge of relevant current and prospective Institute issues.

### 7.2 Education/orientation

The Committee, with management, shall develop and participate in a process for review of important social, ethics, Remuneration and nominations as well as operating topics that present potential significant risk to the Institute. Additionally, individual Committee members are encouraged to participate in relevant and appropriate education to ensure understanding of the Institute's activities and risks.

### 7.3 External resources

The Committee shall be authorised to access internal and external resources, as the Committee requires in carrying out its responsibilities. This includes the authority to hire and terminate external council and advisors, as well as the responsibility to approve services and fees paid to such resources.

### 7.4 Annual plan

The Committee, with input from management and other key Committee advisors, shall develop an annual plan responsive to their Duties and Responsibilities detailed herein. The annual plan shall be reviewed and approved by the full Board.

### 7.5 Expectations and Information Needs

The Committee shall communicate the Committee expectations and the nature, timing and extent of Committee information needs to management, and external parties.



## 7.6 Reporting to the Board of Directors

The Committee, through the Committee Chair, shall report periodically, as deemed necessary, but at least quarterly, to the full Board. In addition, the Committee chairperson's report, shall be available to each Board member at least one week prior to the subsequent Board of directors meeting.

## 7.7 Self-assessment

The Committee shall review, discuss and assess its own performance as well as its role and responsibilities, seeking input from senior management, the full Board and others. Changes in role and/or responsibilities, if any, shall be recommended to the full Board for approval.

### ADMINISTRATION SCHEDULE

Charter Review Coordinator:	Version Number:	Date approved by	Date of next review:
Danie Swart	V.1	SERN 28 June 2019 Board 08 July 2019	May 2020