



COMPLIANCE
INSTITUTE
SOUTHERN AFRICA

BOARD CHARTER

The Board of directors of the Compliance Institute Southern Africa ("**the Institute**") acknowledges the need for a Board charter as recommended in the Code of Governance Principles for South Africa - 2009 ("**King IV**"). This Board Charter ("**Charter**") is subject to the provisions of the Companies Act, the Institute's Memorandum of Incorporation ("**Mol**") and any other applicable law or regulatory provision.

1. PURPOSE OF THE BOARD CHARTER

The purpose of this Charter is to set out the Board's role and responsibilities as well as the requirements for its composition and meeting procedures and should be read in conjunction with the Institute's Mol, as approved and published on the Institute's website.

2. COMPOSITION

The Board comprises a minimum of 4 (four) and a maximum of 20 (twenty) directors. Directors are appointed through a formal process and are elected by the members at the Annual General Meeting.

As provided for in the Institute's Mol the Chief Executive Officer, serves as an ex officio executive director of the Institute. The Board may from time to time in its sole discretion identify one other executive manager to qualify as ex officio membership of the Board.

3. ELECTION OF BOARD MEMBERS

Directors are appointed for a maximum of three (3) consecutive terms, provided that one third (1/3) of the non-executive directors of the Institute retire from office at every Annual General Meeting. If the number of non-executive directors is not three or a multiple of three, the number nearest to one-third (1/3) retires from office.

Retiring non-executive directors may, subject to recommendation by the Board, stand for re-election. Pursuant to the aforementioned, retiring non-executive directors shall be eligible for

re-election for a maximum of two (2) terms, thereafter they must undergo a mandatory break of 1 (one) year, calculated from the Annual General Meeting date, before they may again stand for re-election. The Chairperson may be co-opted for a further one-year period.

"Non-executive Director" means a director who is ordinarily not involved in the daily management or operations of the Institute and who is ordinarily elected by Members at Annual General Meetings of the Institute, unless the Board fills vacancies subject to re-election by the Members.

4. ELECTION OF CHAIRPERSON AND VICE CHAIRPERSON

Only a currently serving director may be nominated for election and elected as Chairperson or Vice Chairperson.

Nominees for the Chairpersonship should have served on the Board for at least two (2) years and the Vice Chairpersonship one (1) year.

The Chairperson and the Vice-chairperson are elected for a period of three years and may stand for re-election subject to their tenure of board membership (maximum 3 (three) consecutive terms).

The Vice Chairperson does not automatically succeed the Chairperson, however, he/she should shadow the chairman who will act in a mentoring role as regards the Vice Chairperson's development of relevant skills and competencies.

If a Chairperson is unable to or does not complete his/her term of office, the Vice Chairperson shall serve for the remainder of the unexpired term as the Acting Chairperson.

4.1. The role of the Chairperson and Vice Chairperson

It is the Chairperson's and in the absence of the Chairperson, the Vice Chairperson's responsibility to:

- i. Ensure the business of the governing body is conducted properly, in accordance with legal requirements.
- ii. Ensure meetings are run effectively, focusing on priorities and making the best use of the time available, and ensuring that all members have an equal opportunity to participate in discussion and decision making.
- iii. Establish and foster an effective relationship with the CEO based on trust and mutual respect, ensuring that the governing body act as a sounding board to the CEO.

- iv. Provide strategic direction.
- v. Ensure that the Board fulfils its role and responsibilities as detailed in this Board Charter.

Should a Chairperson not fulfil their duties the matter must be referred to the Social, Ethics, Remuneration and Nomination Committee (SERN) which may recommend a suitable course of action.

5. BOARD ROLE AND RESPONSIBILITIES

The role and responsibilities of the Board are to: -

- i. act as the focal point for, and custodian of, corporate governance by managing its relationship with Institute management, the members and other stakeholders of the Institute along sound corporate governance principles;
- ii. appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
 - contributing to and approving the Institute's strategy;
 - satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
 - identifying key performance and risk areas;
 - ensuring that the strategy will result in sustainable outcomes; and
 - considering sustainability as a business opportunity that guides strategy formulation.
- iii. provide effective leadership on an ethical foundation;
- iv. ensure that the Institute is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business of the Institute, but also the impact that business operations have on the environment and the society within which it operates;
- v. ensure that the Institute's ethics are managed effectively;
- vi. ensure that the Institute has an effective:
 - Audit and Risk Committee (ARC) that is chaired by an independent non-executive director; and
 - Social, Ethics, Remuneration and Nomination Committee (SERN) that is chaired by an independent non-executive director;
- vii. be responsible for the governance of risk;
- viii. be responsible for information technology (IT) governance;

- ix. ensure that the Institute complies with applicable laws and considers adherence to non-binding rules and standards;
- x. ensure that there is an effective risk-based internal audit;
- xi. appreciate that stakeholders' perceptions affect the Institute's reputation;
- xii. act in the best interests of the Institute by ensuring that individual directors:
 - adhere to legal standards of conduct
 - are permitted to take independent advice in connection with their duties following an agreed procedure
 - disclose real or perceived conflicts to the Board and deal with them accordingly by recusing themselves to any decision related to the disclosed conflict of interest;
- xiii. commence business rescue proceedings as soon as the Institute is financially distressed;
- xiv. elect a chairperson of the Board; and
- xv. appoint and evaluate the performance of the Chief Executive Officer.

The Board should do everything necessary to fulfil its role as set out above.

6. DELEGATION

The Board delegates certain functions to well-structured committees, but without abdicating its own responsibilities. Delegation is formal and involves the following:

- formal Charters are established and approved for each committee of the Board
- the committees Charters are reviewed at least annually
- the committees are appropriately constituted with due regard to the skills required by each committee.
- the Board establishes a framework for the delegation of authority to management.

7. MEETING PROCEDURES

7.1. Frequency of Board meetings

The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this Charter, but subject to a minimum of 4 (four) meetings per year. Meetings, in addition to those scheduled, may be held at the instance of a Board member. The Chairperson of the Board may

meet with the Chief Executive Officer (who is also the company secretary of the Institute) prior to a Board meeting to discuss important issues and agree on the agenda. The Chief Executive Officer/company secretary is the secretary to the Board.

7.2. Attendance of Board meetings

Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only and they may not vote. Board members must attend all scheduled meetings of the Board, including meetings called on an ad hoc- basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson or Chief Executive Officer/company secretary.

Non-attendance of 3 (three) official meetings of the Board during the period between annual general meetings, but excluding special or ad hoc Board meetings, without a written and valid excuse will constitute grounds for removal. The motivation is that board members are elected by Institute members to represent their interests. Board members are therefore expected to be actively engaged in and contributing to the well-being of the Institute and its members, by representing the Institute's members on the Board.

Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion.

If the nominated Chairperson of the Board is absent from a meeting, the Vice Chairperson shall fulfill this role. If both the Chairperson and Vice Chairperson are absent from a meeting, members present must elect one of the members present to act as Chairperson.

7.3. Annual work plan, agenda and minutes

The Board must establish an Annual Plan, to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The Annual Plan must ensure proper coverage of the matters laid out in this Charter; the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the Annual Plan and as needs dictate.

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the Board and other invitees.

The minutes must be completed as soon as possible after the meeting and circulated to the Chairperson and members of the Board for review thereof. The minutes must be formally

approved by the Board at its next scheduled meeting.

7.4. Quorum

A representative quorum for meetings is as provided for in the Institute's Memorandum of Incorporation.

Individuals in attendance at Board meetings by invitation may participate in discussions, but do not form part of the quorum for Board meetings.

8. BOARD EVALUATION

The evaluation of the Board, its committees and individual directors, including their Chairpersons, must be performed every year.

Board Chairperson and Vice Chairperson election guide - Annexure A

Nominations

- i. All directors will be allowed to nominate a Chairperson and Vice Chairperson before the Board meeting where the voting will take place.
- ii. The nominees will be advised of their nomination and asked to accept their candidacy before the meeting.

Voting

Voting will take place at a board meeting where a quorum is present in person and/or virtually:

- Each nominee's candidacy may be motivated by either the proposer or the nominee, or by both.
- The voting should take place in an anonymous format acceptable by the directors present.
- A majority vote in favour of a candidate is required to appoint the Chairperson and a Vice Chairperson .
- The Institute will announce an appointment of a Chairperson and a Vice Chairperson to the Board and Membership.

CHARTER ADMINISTRATION SCHEDULE

Charter Review Coordinator:	Version Number:	Date reviewed and approved by Board	Date of next review:
Renate van Onselen	V.1	5 October 2017	September 2018
Danie Swart	V.2	8 July 2019	May 2020
Danie Swart	V.3	Sep 2020	Feb 2021
Danie Swart	V.4	Nov 2021	Nov 2022