

August 29, 2016

# Board Charter

Of

Voting Rights Organisation South Africa  
[VORIOSA]

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## **1. INTRODUCTION**

This Board Charter is subject to the provisions of the South African Companies Act, 71 of 2008, (the Companies Act), the Company's Memorandum of Incorporation (MOI) and any applicable law or regulatory provision. It is not intended to replace or amend the MOI in any way whatsoever. References to the male gender are intended to equally reflect as references to the female gender.

## **2 PURPOSE OF THE BOARD CHARTER**

The purpose of the Board Charter is to provide a concise overview of:

- the roles, responsibilities, functions and powers of VORIOSA, Board members, co-opted regional members, directors and the officials of the organisation.
- the powers delegated to various Board committees of the Organisation, e.g. Regional Patriotic committees (RPCs).
- relevant principles of the Organisation's limits and delegations of authority and matters reserved for final decision-making or pre-approval by the Board; and
- the policies and practices of the Board in respect of matters such as corporate governance, trading by directors in the securities of the Organisation, declarations and conflicts of interest, Board meeting documentation and procedures, composition of the Board and the nomination, appointment, induction, training and evaluation of directors and members of Board committees.

## **3 THE BOARD**

### **3.1 GENERAL POWERS OF THE BOARD**

The role, function and powers of the Board, its members and committees and its relationship vis-à-vis other departments of the Organisation are determined by law, the MOI of the Organisation, agreements such as shareholders' agreements (where relevant), corporate governance best practices and decisions and policies of the Board.

The Board is responsible for the strategic direction of the Organisation and for the control of the Company registered as a non-profit making organisation. In managing or directing the affairs of the Organisation the Board has authority to exercise all of the powers and perform any of the functions of the Organisation except to the extent that the Companies Act or MOI provides otherwise.

The Board accordingly has the power to make any decision in respect of the Organisation which has not been specifically reserved for decision-making by the Directors.

The Board exercises its powers responsibly:

- a) In the best interests of the Organisation with due regard to the interest of stakeholders of the Organisation; and
- b) In compliance with the requirements of the law, principles of sound corporate governance and Board policies and procedures.

### **3.2 THE ROLE, FUNCTIONS AND RESPONSIBILITY OF THE BOARD**

Within the powers conferred upon the Board by the MOI and the Companies Act the Board has determined its main function and responsibility as being to add significant value to the Organisation by:

- a) Retaining full and effective control over the Organisation and providing effective leadership in the best interest of the Organisation;
- b) Informing and approving the strategies and strategic objectives of the Organisation and ensuring that strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced;
- c) Determining and setting the tone of the Organisation values including principles of ethical business practice and the requirements of being a responsible corporate citizen;
- d) Bringing independent, informed and effective judgment to bear on material decisions of the Organisation including material Organisation and policies, the delegated authorities, appointment and removal of the President and the Executive Director, approval of the appointment or removal of the Executive Committee (EC) members and the approval of capital expenditure, transactions and Organisation budgets;
- e) Satisfying itself that the Organisation is governed effectively in accordance with corporate governance best practices including risk management, legal compliance management, appropriate and relevant non-binding industry rules, codes and standards and internal control systems to:
  - safeguard any accumulated assets of the Organisation; and
  - ensure compliance with applicable laws and regulations applicable to NGOs;
- f) Monitoring and implementation, through an approved governance framework, Board committees and executive management of the Board's strategies, decisions, values and policies with a structured approach to governance.
- g) Ensuring that the Organisation has effective Board committees as required by the Companies Act, MOI and recommended by best corporate governance practice that the Organisation chooses to apply such as its constitution;
- h) Ensuring that there is an effective risk based internal audit;

- i) Governing the disclosure control processes of the Organisation including ensuring the integrity of the Organisation's integrated report and reporting on the effectiveness of the Organisation's system of internal controls;
- j) Ensuring that disputes are resolved as effectively, efficiently and expeditiously as possible; and
- k) Monitoring of the relationship between management and stakeholders of the Organisation.

### **3.3 MATTERS RESERVED FOR DECISION-MAKING BY THE BOARD**

Without detracting in any way from the general powers of the Board, the Board from time to time determines in terms of the governance framework and delegated authorities, which matters are:

- a) Reserved for final decision-making by the Board or Board committees; or
- b). require the Board's or Board committees' consent before a final decision is made.

All other matters, not specifically reserved by the Board, are delegated to the Executive Director subject to the obligation to report all material matters to the Board.

### **3.4 COMPOSITION OF THE BOARD, GENDER DIVERSITY POLICY, APPOINTMENT AND ROTATION**

The Board comprises a balance of executive and non-executive directors, with a majority of non-executive directors. A majority of the non-executive directors are independent. The Board should at all times be suitably constituted and do everything necessary to appropriately fulfil its role and responsibilities.

The Board may determine the number of directors on the Board at any time, subject to the proviso that the Board may comprise a maximum of twenty (20) directors and a minimum of ten (10) directors

The directors may elect a Chairman, Vice Chairman. In addition, the Board must appoint an Executive Director. The Board is empowered to fill vacancies on the Board.

Only individuals with sound ethical reputations and business or professional acumen and who have sufficient time to effectively fulfil their role as Board members, will be considered for appointment to the Board. Individuals with material enduring conflicts of interest with the Organisation that cannot be reasonably managed by the normal methods of declaration of interests and temporary recusal from meetings will not be considered for appointment.

The Board recognises and embraces the benefits of having a diverse Board, appreciates that diversity at Board level is an essential component for sustaining a competitive advantage and is committed to ensuring a diverse and inclusive culture on Board level, where Directors believe that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment are not tolerated.

Race, age and gender diversity, underpinned by the relevant skills as well as business, geographic and academic experience and background, enhance the composition of a truly diverse Board. All facets of diversity will be considered in determining the optimal composition of the Board and, where possible, should be balanced appropriately. All Board appointments are made on merit, having due regard for the benefits of diversity, including gender, which the Board as a whole requires to be effective.

Board Directors are appointed through a formal process and the Executive Committee assists with the process of identifying suitable candidates to be proposed to the Board. The Executive Committee also assists with the annual review of Board effectiveness, which includes, amongst others, its composition.

**THE BOARD COMPOSITION SHOULD REFLECT:**

- a majority of independent non-executive directors;
- racial and gender diversity;
- diversity in respect of the relevant business, geographic and academic backgrounds.
- in reviewing Board composition, the Executive Committee will consider the benefits of all aspects of diversity in order to enable the Board to discharge its duties and responsibilities effectively;
- in identifying suitable candidates for appointment to the Board, the Executive Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. Selection of female candidates to join the Board will be, in part, dependent on the pool of female candidates with the necessary skills, knowledge and experience.
- as part of the annual performance evaluation of the effectiveness of the Board, its Committees and individual directors, the Executive Committee will consider the balance of diversity requirements and representation on the Board, including gender and other factors relevant to its effectiveness.

This Board Charter is considered to be an integral part of the conditions of appointment of all directors. Future letters of appointment should attach the Board Charter or specifically incorporate it by reference.

**3.5 BOARD COMMITTEES**

In terms of the MOI the Board is empowered to appoint Board committees and to delegate powers to such committees. The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities.

Delegation is formal and involves the following:-

- a) Formal terms of reference are established and approved for each committee of the Board;
- b) The committees' terms of reference are reviewed once a year;
- c) The committees are appropriately constituted with due regard to the skills required by each committee;
- d) The Board establishes a framework for the delegation of authority to management;
- e) The Board notes reports from and/ or minutes of the meetings of each committee of the Board; and
- f) The Board monitors the activities of committees and individuals with delegated authority.

## **3.6 BOARD MEETINGS AND BOARD DOCUMENTATION**

### **3.6.1 FREQUENCY**

The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this charter. The Board meets six (6) times a year and at such additional ad hoc times as may be required.

### **3.6.2 AGENDA, MEETING PAPERS AND MINUTES**

The Board must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

A detailed agenda, together with supporting documentation must be circulated approximately five (5) business days prior to each meeting to the members of the Board and other invitees. The Chairman, with the assistance of the Company Secretary, must ensure that the agenda, as prepared, raises all relevant issues requiring attention in such a way and sequence that effective proceedings are facilitated.

The Executive Committee shall annually consider whether the format and content of standard Board reports and submissions are appropriate and recommend to the Board such changes to Board reports or submissions as would improve the Board's efficiency.

All meeting papers and submissions made at the Board meeting are strictly confidential and directors must under no circumstances circulate them to any other parties. Directors are expected to manage their security passwords providing electronic access to their meeting packs with due care and vigilance. All hard copies of meeting papers and Board submissions must be left in the Boardroom on conclusion of the meeting. A record of Board submissions shall be maintained and held by the Company Secretary. Directors may arrange with the Company Secretary to obtain access to records of Board documentation and minutes if required by them in the course of discharging their duties as directors of the Organisation.

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

### **3.6.3 ATTENDANCE**

Board members will use their best endeavours to attend all meetings of the Board, including meetings called on an ad hoc basis for special matters, unless prior apology with reasons have been submitted to the Chairman or Company Secretary. Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion. They are expected to participate fully, frankly, and constructively in Board discussions and to bring the benefit of their particular knowledge, experience, skills and abilities to bear in discharging their duties as directors.

The Chairman may at his or her discretion authorise the use of audio or video conferencing facilities to make participation in a Board meeting possible should attendance in person not be possible.

If the nominated Chairman of the Board is absent from a meeting, the members present must elect one of the members to act as Chairman or automatically the Vice Chairman to chair the meeting of the day.

#### **3.6.4 QUORUM**

With VORIOSA currently having 8 Board members, a representative quorum for meetings will be five (5) directors of which not less than three (3) directors shall be non-executive. The quorum will change as and when new members are appointed.

#### **3.6.5 WRITTEN RESOLUTIONS**

It is the policy of the Board to limit the use of written resolutions to instances where the resolution is a mere formality or where the matter requiring decision by written resolution is of such an urgent nature that it cannot be deferred until the next Board meeting. The Chairman, with the assistance of the Company Secretary, should consider in respect of each written resolution whether an urgent extra-ordinary Board meeting would be a more appropriate decision-making procedure than a written resolution. Each member of the Board who is able to receive notice must receive notice of the matter to be decided by written resolution.

Decisions taken by written resolution other than at a meeting are valid decisions of the Board if signed by a majority of directors.

#### **3.7 THE CHAIRMAN**

The Chairman is elected by members of the Board and is a non-executive director of the Board with no executive or management responsibilities. The Chairman provides leadership at Board level and is responsible for ensuring the integrity and effectiveness of the Board and its committees. The Chairman is also the Chairman of the meetings of various committees within the organisation.

#### **TO THIS END THE CHAIRMAN IS REQUIRED TO:**

- a) Set the ethical tone for the Board and the Organisation;
- b) Provide overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of Board members;
- c) Oversee the formal succession plan for the Board, the Executive Director and certain executive management appointments, such as the Finance Manager;
- d) Maintain regular dialogue with the Executive Director in respect of all material matters affecting the Organisation and to consult with the other Board members promptly when considered appropriate;
- e) Identify and participate in selecting Board members (via the Executive Committee);

- f) Formulate with the Executive Director and Company Secretary the yearly work plan for the Board against agreed objectives, and play an active part in setting the agenda for Board meetings - ensure that material matters in respect of the business or governance of the Organisation that he is aware of, are tabled at Board meetings;
- g) Preside over Board meetings and ensure that material issues for consideration are tabled and interrogated effectively to ensure optimal Board decision-making and governance, manage conflicts of interest and act as a link between the Board and management, particularly the Board and the Director;
- h) Ensure that directors play a full and constructive role in the affairs of the Organisation and take a leading role in the process for removing non-performing or unsuitable directors from the Board;
- i) Monitor how the Board works together and how individual directors perform and interact at meetings - ensure that a performance evaluation of the Board, Board committees and individual directors is conducted annually;
- j) Ensure that all directors are appropriately made aware of their responsibilities through a tailored induction programme, and ensuring that a formal programme of continual professional education is adopted at Board level;
- k) Be accessible to the Director between Board meetings to provide counsel and advice;
- L) Ensure that good relations are maintained with the Organisation's strategic stakeholders.

#### **THE CHAIRMAN / PRESIDENT:**

- may not be a member of the Audit Committee;
- may be a member but not chair the Remuneration Committee;
- must be a member and chair the Executive Committee.

The Chairman's ability to add value to the Organisation, and the Chairman's actual performance against criteria developed from his formalised role and functions should form part of a yearly evaluation by the Board led by another independent non-executive director appointed by the Board. The evaluation should take into account other external chairmanships to determine whether the Chairman has the capacity to discharge his duties to the Organisation.

#### **3.8 DEPUTY PRESIDENT**

The Board may appoint a Deputy President and / or another non-executive Board member to assist the Chairman in the execution of his duties and such other functions as the Board may wish to delegate to the Deputy President.

Where the Chairman is absent or unable to perform his duties or where the independence of the Chairman is questionable or impaired, the Deputy President must serve in this capacity for as long as the circumstances that caused the Chairman's absence, inability or conflict exists.

#### **DEPUTY PRESIDENT IS APPOINTED TO:**

- a) Assist the Board to deal with management of any actual or perceived conflicts of interest that arise on the part of the Chairman;
- b) Preside at all meetings of the Board at which the Chairman is not present or where the Chairman is conflicted, including any sessions of the independent directors;
- c) Call meetings of the independent directors where necessary;
- d) Serve as principal liaison between the independent directors and the Chairman;
- e) Perform all such functions that cannot be performed by the Chairman due to his absence or the existence of a conflict of interest;
- f) Liaise with major stakeholders if requested by the Board in circumstances or transactions in which the Chairman is conflicted; and
- g) Perform other duties that the Board may from time to time delegate

### **3.9 THE CHAIRMAN / PRESIDENT AND EXECUTIVE DIRECTOR**

#### **THE EXECUTIVE DIRECTOR:**

- provides executive leadership;
- is the highest executive decision-making functionary of the Organisation and is delegated with authority from, and is accountable to, the Board for the development and successful implementation of the Organisation strategy and the overall management and performance of the Organisation within the framework of its policies, reserved powers and routine reporting requirements, consistent with the primary aim of enhancing long-term stakeholder value;
- must inform the Board of any material matter which may have a significant impact on the financial results or substantially impact the reputation of the Organisation;
- may exercise power and authority on, or sub-delegate, any matter necessary for the effective management and performance of the Organisation which is not specifically reserved for the Board

His role is formalised and his performance is evaluated against criteria developed for his role.

The Executive Director is accountable to the Board to, amongst other things:

- a) Agree and recommend for approval to the Board matters specified in the group limits and delegation of authority framework which amongst others relate to:
- b) Develop and recommend to the Board the long-term strategy and vision of the Organisation and its quantified expression by way of critical short-term and long-term performance and sustainability targets;
- c). Develop and recommend to the Board the capital expenditure programme and fund raising of the Organisation.
- d). Develop and recommend to the Board the annual business plans and budgets that support the Company's long term strategy and approach to sustainability;

- e) Ensure that appropriate Organisation and group policies are formulated and implemented;
- f). Monitor and report to the Executive Committee and the Board on the effectiveness of legal compliance controls, processes, systems and resource capacity;
- g). Establish an organisational structure and operating model for the Organisation and the group to ensure effective execution of the strategy, sustainability, governance and control imperatives;
- h). Set the tone in providing ethical leadership and creating an ethical environment;
- i). Ensure that effective internal Organisation and group controls, legal compliance and governance measures are deployed;

The Executive Director is appointed by the Board on recommendation of the Executive Committee. The duration of his appointment, terms of appointment and compensation are determined by the Board upon recommendation of the Remuneration Committee.

### **3.10 THE RIGHTS AND DUTIES OF INDIVIDUAL DIRECTORS**

The Board exercises its functions jointly and no Director has any authority to severally perform any act on behalf of the Organisation or the business unless specifically authorised or requested by the Board or authorised nominees of the Board. Directors are jointly accountable for the decisions of the Board.

Directors' duties, standards of conduct and liabilities are captured in the Companies Act. Directors have a legal obligation to act in the best interest of the Organisation, to act with due care, diligence and skill in discharging their duties as directors, to declare and avoid conflicts of interest with the Organisation and to account to the Organisation for any advantages gained in discharging their duties on behalf of the Organisation.

Directors may at any time request a meeting with the Chairman and will individually meet with the Chairman on an annual basis to discuss the Board and committee matters. The Chairman will invite non-executive directors from time to time to indicate whether they have a need to meet as a group without him/her and/or the executive committees.

The Board is of the view that the interests of the Organisation are better served if the Board functions as a team rather than a fractious, uneasy coalition of executive, non-executive and independent factions.

Directors have access to top management and the Organisation's Company Secretary for advice about the governance of the Organisation and Board procedures and may after consultation with the Chairman, obtain such external advice as they may consider necessary to properly discharge their duties to the Organisation.

The Executive Committee are required to annually consider and approve the induction and training programme of directors.

### **3.11 THE COMPANY SECRETARY**

The decision to appoint or remove the Company Secretary is a Board decision. The Board should be assisted by a competent, suitably qualified and experienced Company Secretary. The Company Secretary provides a central source of guidance and support to the Board and within the Company on matters of good governance and changes in legislation.

The Board is aware of the duties of the Company Secretary and empowers him to fulfil those duties. As gatekeeper of good governance, the Company Secretary maintains an arm's length relationship with the Board and its directors as far as is reasonably possible. The Company Secretary is not a director of the Organisation and has a direct channel of communication to the Chairman.

The Company Secretary is accountable to the Board to:

- a) Ensure that Board procedures are followed and reviewed regularly;
- b) Ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- c) Maintain statutory records in accordance with legal requirements;
- d) Provide the Board and individual Board members with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Organisation on good governance;
- e) Keep abreast of, and inform the Board of current corporate governance thinking and practice;
- f) Assist the Executive Committee with the appointment of directors;
- g) Advise the Executive Committee on all legal and regulatory matters, including legal frameworks and processes;
- h) Assist with director induction and training programmes;
- l) Ensure that the Board charter and the terms of reference of Board committees are kept up to date;
- j) Prepare and circulate Board and Board committee papers;
- l) Elicit responses, input, and feedback for Board and Board committee meetings;
- m) Assist in drafting annual work plans;
- n) Ensure preparation and circulation of minutes of Board and committee meetings.

### **3.11.1 DISCLOSURE AND CONFLICTS OF INTEREST**

In terms of the Companies Act and the MOI a director who has a personal financial interest in respect of a matter to be considered at a Board meeting, or knows that a related person has a personal financial interest in the matter:

- a) Must disclose the general nature of the interest before the matter is considered;
- b) Must disclose all material information known to the director to the meeting;
- c) May disclose observations and insights relating to the matter if requested by the other directors to do so; and
- d) May not be present at the meeting where the matter is discussed, and may not participate in the consideration of the matter.

A director may disclose any personal financial interest in advance by delivering to the Company Secretary a notice setting out the nature and extent of the financial interest to be used until changed or withdrawn. A Director, who acquires a direct personal financial interest after an agreement or other matter has been approved by the Organisation, must promptly disclose the nature and extent of that interest to the Board.

Failure to make disclosure of interest in compliance with the Companies Act will render decisions, transactions or agreements invalid, unless subsequently ratified by a court. A director may disclose any personal financial interest in advance by delivering to the Company Secretary a notice setting out the nature and extent of the financial interest to be used until changed or withdrawn. The Company Secretary will submit all disclosures of interest to the Executive Committee and the Board at the first subsequent meeting.

The Executive Committee are required to:

- a) Consider all declarations of interest;
- b) Report to the Board any conflicts of interest which require specific action by the Board;
- c) Recommend to the Board which directors should be categorised for governance purposes as executive directors, non-executive directors and independent non-executive directors.

Enduring material conflicts of interest are regarded by the Board as incompatible with the fiduciary duties of directors. Directors are appointed on the express understanding and agreement that they may be removed by the Board if and when they develop an actual or prospective material, enduring conflict of interest with the Organisation.

### **3.11.2 POLICY IN RESPECT OF CORPORATE GOVERNANCE**

The Organisation complies with all applicable corporate governance legislation. It is also the policy of the Organisation to apply the principles of the King III Code of Corporate Governance Principles (2009) to the extent that they advance effective business leadership. In addition the Organisation's corporate governance practices are reviewed frequently in view of changes to the Organisation and national developments in respect of corporate governance in order to proactively adapt the corporate governance practices of the Organisation should it be in the best interests of the Organisation to do so.

### **3.11.3 PERFORMANCE EVALUATION: BOARD, INDIVIDUAL DIRECTORS AND MEMBERS OF COMMITTEES**

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

The Executive Committee are responsible to annually review the effectiveness of the Board and Board Committees and its individual members. For this purpose, the Executive Committee adopts an appropriate methodology to conduct the performance evaluations.

The Deputy President or in his absence an independent non-executive director appointed by the Board, shall ensure that the performance of the Chairman is evaluated annually and shall chair those portions of meetings at which the Chairman's performance appraisal is discussed.

#### **3.11.4 POLICY IN RESPECT OF DISPUTE RESOLUTION**

It is the policy of the Organisation to ensure that internal and external disputes are resolved as effectively and expeditiously as possible. To this end consideration shall be given in respect of each financial and reputational material dispute whether settlement, litigation, arbitration, mediation or other forms of alternative dispute resolution would be the most effective methodology to resolve a dispute in the best interests of the Organisation.

The merits of claims against the Organisation or allegations of misconduct or non-compliance against the Organisation should be investigated thoroughly before a final decision is made to defend the claim or not to act in respect of an allegation of misconduct or non-compliance. If non-compliances are uncovered, consideration should be given to engage with the relevant authorities or, if relevant, to apply for leniency if it would be in the interests of the Organisation.

The validity and veracity of reasons for defending a claim against the Organisation should be confirmed by written external legal advice before the commencement of formal legal proceedings to institute a legal action by way of formal legal proceedings. The authority to make decisions in respect of dispute resolution and to represent the Organisation is governed by the delegations of authority as approved by the Board from time to time.

#### **3.11.5 MEMORANDUM OF INCORPORATION**

This Board charter is not intended to replace or amend the MOI in any way whatsoever. In the event of a conflict between the MOI and the Board charter, the provisions of the MOI shall prevail. The Board charter is also not intended to contain a comprehensive summary of the applicable legal principles.