

TERMS OF REFERENCE: HUMAN RESOURCES AND REMUNERATION COMMITTEE



Ref. 747272 JHS

1. PURPOSE

- 1.1. The purpose of the Human Resources and Remuneration Committee (the “Committee”) is:
 - 1.1.1. To act as a formal sub-committee of the SAICA Board (the “Board”) and shall have the power to recommend to the Board for approval a developed strategy and supportive policies for the acquisition, management, retention and fair and responsible remuneration of Human Capital in accordance with statutory regulations, governance requirements and best practice; and
 - 1.1.2. The Committee has been established in order to oversee the overall governance of human capital management, setting and administering remuneration policy framework and strategy at SAICA and to provide the Board with assurances in this regard.

2. AUTHORITY

- 2.1. The Committee is a committee of the Board from which it derives its authority and to which it regularly reports.
- 2.2. The Committee has delegated authority from the Board in respect of the responsibilities and powers set out in these Terms of Reference.
- 2.3. The Committee has authority to investigate any matter within its area of responsibility and to obtain such information as it may require from any officer of the institute, its employees or its members.
- 2.4. The Committee may sub-delegate some and or all of its powers and authority as deems fit, including without limitation the establishment of sub-committees to analyse particular issues or themes or to report back to the Committee. For the avoidance of any doubt, the Committee’s power to sub-delegate shall not entitle the Committee to abdicate its responsibilities set out in these Terms of Reference.

3. SCOPE

- 3.1. The governance framework over which the SAICA Board has a monitoring and oversight responsibility includes:
- 3.2. SAICA;
 - 3.2.1. The Hope Factory;
 - 3.2.2. The Thuthuka Education Upliftment Fund;
 - 3.2.3. SAICA Enterprise Development; and
 - 3.2.4. any other legal entity under SAICA’s management and/or control.
- 3.3. The Board has the ultimate responsibility to create a transparent and conducive environment and ensure that an adequate and effective process of corporate governance is established and maintained.
- 3.4. The Committee is appointed by the Board to assist the Board in discharging its oversight responsibilities over those entities listed in paragraph 3.1 above.

4. CONSTITUTION

4.1. Chairperson

- 4.1.1. The Chair of the Committee will be a Board member and will be appointed by the Board.
- 4.1.2. In the absence of the Chair of the Committee, the remaining members present at a meeting shall elect one of themselves to chair the meeting.
- 4.1.3. The Chair does not have a casting vote.
- 4.1.4. The Chairperson (or in his/her absence an alternate member) of the Committee shall attend SAICA's annual general meeting to answer questions concerning matters falling within the ambit of the Committee.

4.2. Membership

- 4.2.1. The Committee will comprise at least three members of the Board, with relevant experience and an external remuneration specialist.
- 4.2.2. Members of the Committee shall be appointed by the Board on the recommendation of the Nominations Committee of the Board;
- 4.2.3. The Chairperson of the Board may be a member but not Chairperson of the Committee;¹
- 4.2.4. The Chief Executive Officer (CEO) may not be a member of the Committee but may attend meetings by invitation only and must recuse himself/herself when conflicts arise, particularly when his/her performance and remuneration are discussed.²
- 4.2.5. In the case of co-opted members, appointments shall be made by the Board on recommendation of the Chair of the Committee.
- 4.2.6. Members can be co-opted onto the Committee (as determined by the Committee Chair) as the need arises to help fulfil the duties and obligations of the Committee.
- 4.2.7. Members may be removed from the Committee at any time by the Board.

4.3. Duration of appointments

- 4.3.1. Unless otherwise determined by the Board, the duration of appointments of members of the Committee and of co-opted members shall be for a period of up to three years which may be extended by the Board for an additional period of three years.
- 4.3.2. Membership will automatically terminate on the termination of a member's Board membership.

4.4. Secretary

- 4.4.1. The Board Secretary or his nominee shall act as Secretary to the Committee and attend all meetings.

¹ Refer to the SAICA Constitution, approved 26 June 2019, point 6.4.7.2. Also refer to the Board Charter (Appendix 1 to By-law, approved 26 June 2019) point 5.4.3.2. The chairperson of the Board may be a member but not Chairperson of the Human Resources and Remuneration Committee

² Refer to Board Charter (Appendix 1 to By-laws approved 26 June 2019) point 5.6.5. The CEO may not be a member of the Human Resources and Remuneration Committee but may attend meetings by invitation only and must recuse himself/herself when conflicts arise, particularly when his/her performance and remuneration are discussed.

- 4.4.2. The Secretary shall record the proceedings and decisions of the Committee meetings and the minutes shall be circulated to all members and attendees, as appropriate, taking into account any conflicts of interest or confidentiality requirement that may exist.

5. PROCEEDINGS OF MEETINGS

5.1. Meetings

- 5.1.1. The Committee shall meet at least twice a year and otherwise as required.
- 5.1.2. Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the Committee Chairperson.
- 5.1.3. Unless otherwise agreed or waived by all members of the Committee, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be made available to each member of the Committee and any other person required to attend, no later than 5 (five) Business Days before the date of the meeting. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time.
- 5.1.4. The Committee shall dispatch its business, adjourn and otherwise regulate its meetings as it shall deem fit, including, but not limited to conducting meetings by means of a tele/video-conference or similar facility and approving items of business by written resolution.

5.2. Quorum

- 5.2.1. Any two members of the Committee may form a quorum.
- 5.2.2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5.3. Attendees

- 5.3.1. Only the members of the Committee and members of the Board have the right to attend Committee meetings.
- 5.3.2. The following attendees will be expected to attend Committee meetings on a regular basis:
- 5.3.2.1. The Chief Executive Officer (CEO) of SAICA;
- 5.3.2.2. The Chief Operating Officer (COO) of SAICA;
- 5.3.2.3. The Executive HR; and
- 5.3.2.4. The external remuneration specialist.
- 5.3.3. Any other persons may attend at the invitation of the Chair of the Committee and they may collectively or individually be requested to withdraw from meetings of the Committee if required to do so by the Chair of the Committee.
- 5.3.4. On a regular basis, the Committee members shall meet separately "in Committee" without any member of Executive Management to discuss any matters that the Committee believe should be discussed privately. The Chair of the Committee shall advise the Board Secretary of the resolutions of such in Committee meetings for recording in the Committee minutes.

5.4. Resolutions

- 5.4.1. The Committee shall reach decisions by a simple majority of those voting on the issue in question.³
- 5.4.2. Subject to the provisions of the SAICA Constitution⁴ and applicable laws and regulations, a resolution in writing signed by a majority of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.⁵

5.5. Minutes

- 5.5.1. Full minutes of the Committee's meetings shall be recorded and kept by the Board Secretary or his nominee and such minutes shall be available for inspection at any reasonable time on prior reasonable notice by a Board member.
- 5.5.2. Draft and final versions of minutes of the Committee's meetings shall be sent to all members of the Committee for their comment and records, within a reasonable time after such meetings.

6. RESPONSIBILITIES

- 6.1. The role of the Committee is to assist the Board to ensure that:
 - 6.1.1. SAICA has a remuneration policy and philosophy that is aligned with its long term business strategy, its business objectives, its risk appetite and values;
 - 6.1.2. The remuneration policy and philosophy is appropriately applied throughout SAICA;
 - 6.1.3. SAICA remunerates Board members and members of the Senior Management fairly and responsibly;
 - 6.1.4. SAICA makes informed decisions pertaining to the acquisition, management, development and retention of its human resource; and
 - 6.1.5. The disclosure of remuneration is accurate, complete and transparent.
- 6.2. The Committee shall oversee the setting and administering of remuneration at all levels in SAICA;
- 6.3. The Committee is to determine, agree and develop SAICA's general policy of Executive remuneration and Board fees for approval by the Board;
- 6.4. The Committee shall ensure that the mix of fixed and variable pay in cash, long term incentive schemes and other elements, meets the Institute's needs and strategic objectives;

³ SAICA Constitution approved 26 June 2019, Point 2.19: "**Ordinary resolution**" means a resolution of Members at a meeting at which a quorum is present in person or by proxy, and which requires more than 50% (fifty percent) of the votes cast to be in favour of the resolution; AND POINT 2.27: 2.27 "**Special Resolution**" means a resolution of Members at a meeting at which a quorum is present in person or by proxy, and which requires more than 75% (seventy five percent) of the votes cast to be in favour of the resolution;

⁴ SAICA Constitution approved 26 June 2019, point 6.10: **Written Resolutions**: Decisions taken by written resolution are valid decisions of the Board if signed by the majority of Board Members, provided all Board Members have given notice of the proposed resolution and have an opportunity of expressing their views on the resolution.

⁵Board Charter (Appendix 1 of By-laws approved 26 June 2019), points 8.6, 8.6.1, and 8.6.2: **Decisions and Round Robin Resolutions**. Resolutions taken at a meeting of the Board shall be decided by a majority of votes of members attending the meeting either in person or electronically. The Chairperson shall not have a casting vote in addition to his or her deliberative vote.

A decisions taken by a round robin resolution in writing signed by a majority of the Board Members shall be as valid and effective as if it had been passed at a meeting of the Board duly convened and constituted, provided where possible, all Board Members have been given notice of the proposed resolution and have had an opportunity to express their views on the resolution.

- 6.5. The Committee has the delegated authority of the Board to carry out the responsibilities referred to in these terms of reference:
 - 6.5.1. Determine specific remuneration packages for the Executives, including but not limited to basic salary, performance-based incentives, pension and other benefits; and
 - 6.5.2. Determine any criteria necessary to measure the performance of SAICA Executives in discharging their functions and responsibilities. (The delegation of authority to the Committee does not change the ultimate responsibility of the Board for Remuneration).
- 6.6. The Committee will endeavor to give the Executives every encouragement to enhance the Institute's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions and performance;
- 6.7. The Committee will review the terms and conditions of SAICA's Executives' employment, taking into account information from comparable groups where relevant;
- 6.8. On behalf of the SAICA Board Chairperson, the Committee shall conduct an annual evaluation of the CEO.⁶
- 6.9. The Committee shall consider the results of the evaluation of the Chief Executive and other Executives in determining remuneration;
- 6.10. The Committee will be kept informed of relevant information for other senior managers in the Institute;
- 6.11. The Committee shall regularly review incentive schemes to ensure continued contribution to stakeholder value and that these are administered in terms of the rules;
- 6.12. For reasons of conflict of interest, the Committee will not determine the fees or terms of any consultancy agreement of any non-Executive Board member and/or Committee member, although it will make recommendations to the Board;
- 6.13. The Committee will co-ordinate activities with the Chairperson of the Board and the Chief Executive as well as consult them in formulating the Board's fee policy and fees;
- 6.14. The Committee is responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 6.15. The Committee will ensure that the remuneration report is put to a non-binding advisory vote at the annual general meeting of members;
- 6.16. The Committee reviews and recommends to the Board the format of the disclosure of board member fees to be made in the Institute's Integrated Annual Report;
- 6.17. The Committee will ensure that all benefits, including retirement benefits and other financial arrangements, are justifiably and correctly valued.
- 6.18. The Committee will review the results of SAICA and that of its Senior Management and provide commentary if necessary;
- 6.19. The Committee shall approve talent management, development and executive succession planning strategies and policies;
- 6.20. The Committee shall report back to the Board after each meeting and as such intervals as required by the Board, or more frequently, if the Committee deems it necessary.

7. REPORTING

- 7.1. Periodically, the Chair of the Committee shall report to the Board on matters within its duties and responsibilities.

⁶ The SAICA Constitution approved 26 June 2019, point 6.4.6.10: The duties of the [SAICA Board] Chairperson shall be prescribed in the Board Charter but will include conducting an annual evaluation of the CEO through the Human Resources and Remuneration Committee.

- 7.2. Ensure that the Board is aware of matters that may significantly impact SAICA.
- 7.3. The Committee shall compile a report of the work of the Committee in discharging its responsibilities for inclusion in the Integrated report.
- 7.4. The Committee shall work and liaise as necessary with other Committees of the Board.

8. GOVERNANCE AND RESOURCES

- 8.1. The Committee shall, via the Secretary to the Committee, make available to new members of the Committee a suitable induction process and, for existing members, ongoing training as discussed and agreed by the Committee.
- 8.2. The Committee shall conduct an annual self-assessment of its activities under these Terms of Reference and report any conclusions and recommendations to the Board and, as part of this assessment, shall consider whether or not it receives adequate and appropriate support in fulfilment of its role and whether or not its annual plan of work is manageable.
- 8.3. The Committee shall in its decision making, give due regard to any relevant legal or regulatory requirements, and associated best practice guidance, as well as to the risk and reputation implications of its decisions (liaising where relevant with other Committees).
- 8.4. The Committee shall have access to sufficient resources in order to carry out its duties and have the power to engage independent counsel and other professional advisers and to invite them to attend meetings.

9. TERMS OF REFERENCE

The Committee shall annually review its Terms of Reference and may recommend to the Board any amendments to its Terms of Reference.

Version Control

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