

TERMS OF REFERENCE: NOMINATIONS COMMITTEE



Ref. 747273 JHS

1. PURPOSE

The purpose of the Nominations Committee (the “Committee”) is to provide assistance to the SAICA Board (the “Board”) in fulfilling its responsibility to the members of the Institute and the stakeholders by monitoring and recommending to the Board, corporate governance principles to apply to the Institute, and reviewing the performance and membership of the Board, and other governing bodies.

2. AUTHORITY

- 2.1 The Committee is a committee of the Board of SAICA 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:
 - 3.1.1 SAICA;
 - 3.1.2 The Hope Factory;
 - 3.1.3 The Thuthuka Education Upliftment Fund;
 - 3.1.4 SAICA Enterprise Development; and
 - 3.1.5 any other legal entity under SAICA’s management and/or control.
- 3.2 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.
- 3.3 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 the Board Chairperson¹.
- 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, one being the Chairperson of the Board who serves as the Committee Chair.
- 4.2.2 The Chief Executive² Officer may not be a member of the Committee.
- 4.2.3 Members of the Committee shall be appointed by the Board on the recommendation of the Nominations Committee of the Board;
- 4.2.4 In the case of co-opted members, appointments shall be made by the Board on recommendation of the Chair of the Committee.
- 4.2.5 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.
- 4.2.6 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.
- 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.

¹ SAICA Constitution approved 26 June 2019: 6.4.7.3 The Board Chairperson must be a member and Chairperson of the Nomination and Governance Committee;

² Board Charter (Appendix 1 of By-laws, point 5.6.5: The CEO may not be a member of the Committee.

- 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 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.
- 5.3.3 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

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.

⁵ Board 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.

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

The following principles serve as a guide to the duties and responsibilities of the Committee, with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal and other conditions. Specifically, the Committee will be responsible for the following:

6.1 Governance Framework

The Committee shall:

- 6.1.1 oversee and approve the drafting of an appropriate governance framework for SAICA to be recommended for approval to Board;
- 6.1.2 monitor adherence to the agreed governance framework within the SAICA structures and landscape and review SAICA's policies and practices on corporate governance and make relevant recommendations to the Board regarding any changes to SAICA's corporate governance practices that the Committee considers necessary and desirable;
- 6.1.3 ensure that the Board structure supports the approved governance model and framework by recommending to the Board a competency matrix reflecting appropriate skills, qualifications, experience and background required of the Board as a whole. The competency matrix is based on SAICA's strategic opportunities and challenges, and the Board's leadership requirements;
- 6.1.4 oversee succession planning for both Board and the CEO;
- 6.1.5 ensure that the appropriate governance principles, structures and procedures are in place to allow the Board and Board Committees to function effectively. In order to achieve this, the Committee:
 - 6.1.5.1 annually reviews and recommends revisions to Terms of Reference for the Board and its Committees, the Chair, Chief Executive Officer and any other materials contained in the Board Governance Manual;
 - 6.1.5.2 ensures appropriate structures and procedures are in place to allow the Board to function independently of management;
 - 6.1.5.3 ensures the Board has a good understanding of business of the entities within the SAICA group by ensuring adequate reporting by entities to the Board to enable board to fulfil its oversight function;
 - 6.1.5.4 oversees the entity governance practices by reviewing governance reports from the entities;

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.

- 6.1.5.5 monitors changes to legislation, government policy and/or strategic direction that affect governance or the duties and responsibilities of the Board;
- 6.1.5.6 reviews the Institute's approach to corporate governance to ensure that best practices are achieved through approving an annual governance roadmap;
- 6.1.5.7 evaluates the effectiveness of the Committee structure and recommends any needed changes to the Board;
- 6.1.5.8 provide oversight in aligning the SAICA governance models with emerging developments with regard to, inter alia, the governance landscape, laws and regulations, integrated thinking, corporate citizenship, sustainability issues and stakeholder communication;
- 6.1.5.9 consider and recommend to the Board a set of best practice corporate governance principles including recommendations on culture and values which support SAICA's strategic objectives;
- 6.1.5.10 review and monitor the training and continuous professional development of Board members and senior management with a view towards ensuring that members of the Board fulfil their responsibilities;
- 6.1.5.11 review the annual corporate governance report and recommend to the Board for consideration and approval for disclosure; and
- 6.1.5.12 do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board.

6.2 Evaluation of the Chief Executive Officer

- 6.2.1 The Committee shall support the Board Chairperson to evaluate the performance of the CEO against specific performance criteria as per the CEO's formalized role.⁶

6.3 Board and committee composition and performance

The committee shall:

- 6.3.1 monitor the performance of persons serving on SAICA committee structures;
- 6.3.2 regularly review the ideal structure, size and composition of the Board (including the skills, knowledge and experience as well as the race and gender balance);
- 6.3.3 evaluate the actual balance of race, gender, skills, knowledge and experience on the Board and, in the light of that evaluation and taking into account the desired composition, prepare appropriate criteria for new members required to replace members who retire by rotation or otherwise;
- 6.3.4 give full consideration to succession planning for members of the Board, taking into account the challenges and opportunities facing the Institute, and what skills and expertise are needed on the Board in the future;
- 6.3.5 keep under review the leadership needs of the Institute, of non-executive board members, with a view to ensuring the continued ability of the Institute to operate effectively in pursuance of its objectives, bearing in mind the requirements of succession planning, and ensuring that processes are in place to appoint the Chairperson and Lead Independent Board Member⁷ of the SAICA Board.

⁶ Board Charter, Appendix 1 of the By-laws, point 5.6.4: The CEO's role is formalised and his/her performance is evaluated by the Board Chairperson with the support of the Nominations and Governance Committee against specific performance criteria.

⁷ SAICA Constitution approved 26 June 2019: 6.5 **Lead Independent Board Member**

The Board must appoint a Lead Independent Board Member to assist the Chairperson in the execution of his or her/her duties and such other functions as the Board may wish to delegate to the Lead Independent Board Member in the Board Charter. The Lead Independent Board Member's appointment shall be reviewed and confirmed annually after the AGM.

- 6.3.6 keep up-to-date and fully informed about strategic issues and commercial changes affecting the Institute and the market in which it operates;
- 6.3.7 in consultation with the company secretary recommend to the Board procedures for formal and rigorous annual evaluation of performance of the Board⁸, its committees and individual members of committees;
- 6.3.8 review annually the time required from non-executive members. Performance evaluation should be used to assess whether the non-executive members are spending enough time to fulfil their duties; and
- 6.3.9 ensure that on appointment to the Board, non-executive members of the Board receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

6.4 **Nominations to the Board and Board Committees**

- 6.4.1 Board members shall be nominated for election or appointment through a formal process and the Committee shall assist with the process of identifying suitable candidates to be discussed with the Council and proposed to the Board and the members of the Institute at an Annual General Meeting. The Committee shall also assist with the review of the effectiveness of the SAICA Board, including but not necessarily limited to, its composition⁹.
- 6.4.2 The Committee shall determine measurable objectives for achieving diversity on the Board that are appropriate for SAICA, and may recommend them to the Board for adoption. The achievement of the aforementioned objectives will be disclosed in the Integrated Report of the Institute.¹⁰
- 6.4.3 The Board Chairperson must be involved, as Chairperson of the Committee, in the identification and selection of Board Members.¹¹
- 6.4.4 On an annual basis, the Committee shall table before Board a list of names of Board Members that remain on the Board and a list of proposed replacements to fill any vacancies. Upon acceptance by Board, the list to be tabled before Council for input and discussion. Thereafter, the Board will determine the final list of name to be put to the Annual General Meeting for election.

⁸ SAICA Constitution approved 26 June 2019: point 6.4.6.7 The duties of the Board Chairperson shall include scheduling regular and effective evaluations of the Board's performance through the Nominations and Governance Committee.

⁹ Board Charter (Appendix 1 of By-Laws: point 3.13: 3.13 Board Members must be nominated for election or appointment through a formal process and the Nomination and Governance Committee must assist with the process of identifying suitable candidates to be discussed with the Council and proposed to the Board and the members of the Institute (the "Members"). The Nomination and Governance Committee must also assist with the review of the effectiveness of the Board, including but not necessarily limited to, its composition.

¹⁰ Board Charter (Appendix 1 of the By-Laws, point 2.15 and point 3.16: 3.15 The Nomination and Governance Committee may determine measurable objectives for achieving diversity on the Board that are appropriate for the Institute, and may recommend them to the Board for adoption. 3.16 The achievement of the objectives referred to in paragraph 3.15 above will be disclosed in the integrated report of the Institute.

¹¹ 5.4.2.5 The Board Chairperson must be involved, as Chairperson of the Nomination and Governance Committee, in the identification and selection of Board Members;

¹² The Committee may canvas Members for nominations and take into account the requirements of the SAICA Constitution.¹³

6.5 Nominations to the Boards of SAICA controlled entities

The Committee recognises that SAICA is accountable for these entities, namely the Thuthuka Education Upliftment Fund and The Hope Factory, and SAICA Enterprise Development even though they are separate legal entities with nomination processes either defined within a Memorandum of Incorporation, or Trust Deed.

The Committee shall: -

- 6.5.1 advise the SAICA Board on the composition of the boards of any entities controlled by the Institute.¹⁴
- 6.5.2 make recommendations to the SAICA Board regarding the appointment of the chairperson of the SAICA controlled entities (and where necessary, SAICA Board representation); and
- 6.5.3 review the appointment of other members of the SAICA entities' Boards', whose appointments shall not be final until such time as the Committee is satisfied that such appointment is aligned to ensure achievement of the SAICA strategic imperatives.

¹² SAICA Constitution approved 26 June 2019: 6.8 **Nomination and Governance Committee**

6.8.1 The Nomination and Governance Committee shall, on an annual basis, table with the Board a list of names of Board Members that remain on the Board and a list of proposed replacements to fill any vacancies. After acceptance by the Board, the list will be tabled with the Council for input and discussion. Thereafter the Board will determine the final list of names to be put to the AGM for election.

6.8.2 The Nomination and Governance Committee may canvas Members for nominations and will take into account the requirements of this Constitution.

¹³ Appendix 1 of the By-laws is THE BOARD CHARTER and Annexure A to the Board Charter, states the following: A balance of the following skills, knowledge and attributes should be considered by the Nominations and Governance Committee when nominating Board Members.

1. The candidate should preferably have an understanding of the core skills and training needs of accountancy and related subjects. It is critical that the Board understands key technical issues so that it can make appropriate strategic decisions relating to resource allocation.
2. The candidate should have an understanding of the future education and training needs of the profession, because changes implemented take 7 to 10 years to take effect.
3. The candidate should preferably have some understanding of legal issues.
4. The candidate should have some knowledge of the public sector and government.
5. The candidate should have some knowledge of small and medium business.
6. The candidate should have a strategic understanding of auditing and assurance and how these should be developed in the future to meet the public needs.
7. The candidate should have an understanding of finance and funding of the Institute and its activities.
8. The candidate should have an understanding of value creation and the six capitals and the various trade-offs.
9. The candidate should have an understanding of IT and digitalisation and the risks and opportunities associated with them.
10. The candidate should have a high-level understanding of a member-based organisation which has a focused mission.

Individuals not eligible for consideration by the Nominations and Governance Committee are listed under BY-LAWS AND APPENDICES, PART A – GENERAL PROVISIONS, paragraph 5.1.

¹⁴ By-Laws and Appendices, Part 1 – General Provisions, as approved 26 June 2019, point 9.3: The Board shall form a Nominations and Governance Committee to advise it on the composition of Board committees and the boards of any other entities controlled by the Institute.

6.6 Representational Committees

Any appointments requiring representation from a sector or organisation need only be NOTED by the Nominations Committee and the SAICA Board.

6.7 Project Interest Groups

Project or interest groups that are formed for a specified purpose and that report into the SAICA Board and/or a SAICA board committee shall be managed by SAICA management

6.8 SAICA Advisory Committees

6.8.1 The following Advisory Committees of SAICA namely, the Initial Professional Development, the National Tax, the Assurance Guidance, the Accounting Practices, and the Ethics Committees shall be subject to the nominations process and shall be required to demonstrate compliance or explain non-compliance with SAICA's Advisory Committee Nominations Process/Strategy to the Nominations Governance Committee. The Nominations Governance Committee shall annually review the composition of the above SAICA Advisory Committees and more specifically:

6.8.1.1 receive from the respective advisory committee administrators/owners, a schedule showing the names of each member of each committee together with the retirement dates of their respective terms and the required attributes;

6.8.1.2 receive from the respective advisory committee administrators/owners – after consultation with the chairpersons and management – information concerning the attributes/skills for appointments;

6.8.1.3 be apprised by the respective advisory committee administrators/owners of the advertising to make known the vacancies to all members and constituencies which call for applications together with curriculum vitae;

6.8.1.4 the Nominations Governance Committee to consider nominations made in the light of the attributes required including the gender and race mix and skills requirements, and make recommendations to the SAICA Board concerning the vacancies; and

6.8.1.5 the Nominations Governance Committee to obtain assurance from management regarding the placement on the SAICA website of the composition of all committees.

6.9 External Bodies

6.9.1 The Committee shall annually review the names of persons representing SAICA on external bodies including international bodies and more specifically:

6.9.1.1 receive from management a schedule of all representatives showing the names and retirement dates of each person; and

6.9.1.2 to receive updates from management with regard to suitable persons identified to represent SAICA on external bodies, both local and international.

6.9.1.3 make known the vacancies together with attributes required to all members, regions and constituency bodies and call for nominations together with curriculum vitae; and

6.9.1.4 consider the nominations and in the light of skills, gender and race considerations make appointments on behalf of the Board.

7. REPORTING

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

- 7.2 The Committee shall 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 undertake a formal annual evaluation of the effectiveness, including the role and responsibilities of the Committee, its organisation, and effectiveness.

Version Control

21 November 2019	To be tabled before Board for approval.