

Charter for the National Council of FEDSAS

Introduction

The National Council of FEDSAS acknowledges the need for a charter as recommended in the Code of Governance Principles for South Africa, 2009 ('King III').

This Charter is subject to the provisions of the constitution of FEDSAS and any applicable law or regulatory provision.

Purpose of the Charter

The purpose of this Charter is to set out the National Council's role and responsibilities as well as the requirements for its composition and meetings.

Composition

The National Council comprises a balance of executive and non-executive members, with a majority of non-executive members. A majority of the non-executive members are independent.

Members of the National Council are appointed through a formal process, and the Nomination Committee assists in identifying suitable candidates to be proposed to the Annual General Meeting.

The Chief Executive and Deputy Chief Executive are *ex officio* members of the National Council.

A formal induction programme has been established for new National Council members. Inexperienced members are developed through a mentorship programme.

In addition, continued professional development programmes are implemented, which ensure that Council members receive regular briefings on changes in risk, laws and the environment.

Role and responsibilities

The role and responsibilities of the National Council are to:

1. act as the focal point for, and custodian of, corporate governance by managing its relations with the management, shareholders and other stakeholders of FEDSAS in accordance with sound corporate governance principles;
2. appreciate that strategy, risk, performance and sustainability are inseparable, and to give effect to this by:
 - contributing to and approving the 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;
3. provide effective leadership based on ethical principles;
4. ensure that FEDSAS is, and is seen to be, a responsible corporate

- citizen by having regard not only to the financial aspects of the business of FEDSAS, but also the impact that business operations have on the environment and the society within which it operates;
5. ensure that FEDSAS ethics are managed effectively;
 6. ensure that FEDSAS has an effective and independent audit committee;
 7. be responsible for the governance of risk;
 8. be responsible for information technology (IT) governance;
 9. ensure that FEDSAS complies with applicable laws and considers adherence to non-binding rules and standards;
 10. ensure an effective, risk-based internal audit;
 11. appreciate that stakeholders' perceptions affect the reputation of FEDSAS;
 12. ensure the integrity of the FEDSAS integrated report;
 13. act in the best interest of FEDSAS by ensuring that individual directors:
 - adhere to legal standards of conduct;
 - are permitted to obtain independent advice in connection with their duties, following an agreed procedure; and
 - disclose real or perceived conflicts of interest to the National Council, and deal with them accordingly;
 14. commence business rescue proceedings as soon as FEDSAS becomes financially distressed;
 15. elect a National Council chairperson who is an independent non-executive director; and
 15. appoint and evaluate the performance of the Chief Executive.

The National Council should do everything necessary to fulfil its role set out above.

Delegation

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

1. Formal terms of reference are established and approved for each committee of the National Council.
2. The committees' terms of reference are reviewed once a year.
3. The committees are appropriately constituted, with due regard to the skills required by each committee.
4. The National Council establishes a framework for the delegation of authority to management.

Frequency of meetings

The National Council must hold a sufficient number of scheduled meetings to discharge all its duties as set out in this Charter, but subject to a minimum of two meetings per year.

Meetings in addition to those scheduled may be held at the instance of a National Council member.

The chairperson of the National Council may meet with the Chief Executive and Deputy Chief Executive and/or the secretary prior to a Council meeting, to discuss important issues and agree on the agenda.

Attendance of meetings

Members of senior management, assurance providers and professional advisors may attend meetings by invitation only, and may not vote.

National Council members must attend all scheduled Council meetings, including meetings called on an *ad hoc* basis for special matters, unless prior apology along with reasons has been submitted to the chairperson or secretary.

The secretary is not a member of the National Council, but acts as scribe for all proceedings of Council.

If the nominated chairperson of the National Council is absent from a meeting, the vice-chairperson must act as chairperson.

Agenda and minutes

The National Council 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. 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 rotational basis over a three-year period. The number, timing and length of meetings as well as the agendas are to be determined in accordance with the annual plan.

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

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

The minutes must be completed as soon as possible after the meeting, and circulated to the chairperson and Council members for review. The minutes must be formally approved by the National Council at its next scheduled meeting.

Quorum

A representative quorum for meetings is as provided for in the FEDSAS constitution.

Individuals who attend National Council meetings by invitation may participate in discussions, but do not form part of the quorum for Council meetings.

Performance evaluation

Performance evaluation of the National Council, its committees and individual members, including the chairperson, must be conducted every year.

Approval of this Charter

This Charter was approved by the National council on 16 March 2013.