



**Governance
Report**

2018

INSTITUTE OF DIRECTORS
IN SOUTHERN AFRICA



XCONTENTS

1		INTRODUCTION
1		1. LEADERSHIP
1		2. ORGANISATIONAL ETHICS
2		3. RESPONSIBLE CORPORATE CITIZEN
2		4. STRATEGY AND PERFORMANCE
3		5. REPORTING
3		6. PRIMARY ROLE AND RESPONSIBILITIES OF THE BOARD
4		7. COMPOSITION OF THE BOARD
7		8. COMMITTEES OF THE BOARD
11		9. EVALUATION OF THE PERFORMANCE OF THE BOARD
12		10. APPOINTMENT AND DELEGATION TO MANAGEMENT
12		11. RISK GOVERNANCE
12		12. TECHNOLOGY AND INFORMATION GOVERNANCE
13		13. COMPLIANCE GOVERNANCE
13		14. REMUNERATION GOVERNANCE
13		15. ASSURANCE
14		16. STAKEHOLDERS
14		CONCLUSION

IoDSA GOVERNANCE REPORT FOR 2018

This report is a supplementary to the 2018 Integrated Report and expands on our governance and King IV application.

Refers to website link: To view the full 2018 Integrated Report on our website, [click here](#).

GET IN TOUCH

We encourage feedback from our members and other stakeholders to assist us in understanding and assessing the value we create and areas for improvement. We have a dedicated feedback mechanism, and value your feedback on our strategy, performance and reporting.

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INTRODUCTION

The Institute of Directors in Southern Africa (IoDSA) continues to uphold the principles of the King IV Report on Corporate Governance™ for South Africa 2016 (King IV).

Through ethical and effective leadership, we strive to achieve the governance outcomes of an ethical culture, good performance, effective control and legitimacy.

This governance report outlines how the IoDSA, as a positive role model for governance, applies good governance as recommended by King IV.

1. LEADERSHIP

The Board leads ethically and effectively.

The Board is the focal point and custodian of corporate governance in the IoDSA. All Board members uphold the IoDSA values, as outlined on [page 1 of the integrated report \(IR\)](#).

The Board exhibits:

- **Integrity:** Board members act in good faith and in the best interests of the IoDSA. Conflicts of interest are disclosed and managed regularly, and addressed at each Board and Board committee meeting. The Board acts ethically and sets the tone for an ethical organisational culture.
- **Competence:** The Board Charter stipulates the expectations for competent Board members. The Board annually confirms its adherence to the Continuous Professional Development (CPD) Policy. We review the Board skills matrix by collating members' collective skills and experience. We consider skills gaps when short-listing new potential Board candidates.
- **Responsibility:** The Board Charter confirms the Board's collective responsibility for the IoDSA and its business activities, managing risks and activity. Board and Board committee meetings attendance was satisfactory, as detailed in sections 7 and 8 on pages 4 and 7.
- **Accountability:** Board members are accountable for their responsibilities, even when these are delegated to Board committees or management. This is confirmed in the Board Charter and Board member Code of Conduct.
- **Fairness:** The IoDSA applies a stakeholder-inclusive approach in the execution of our governance role and responsibilities as per the Stakeholder Policy.
- **Transparency:** Board members transparently exercise their governance roles and responsibilities, as evidenced by this report and other IoDSA reports.

Board members annually confirm their compliance with the IoDSA Board member Code of Conduct in writing, thereby confirming their adherence to the above characteristics. Refer to section 9 on page 11.

2. ORGANISATIONAL ETHICS

The Board governs the ethics of the IoDSA in a way that supports an ethical culture.

The Board assumes responsibility for the governance of ethics. It sets the direction for how to approach and address ethics. The Board delegates implementation and execution to management and oversees, through the Social and Ethics Committee:

- adherence to the IoDSA values (page 1 of the IR); and
- the execution of the Board-approved IoDSA Code of Conduct and Ethics Policy, giving effect to organisational ethics, and addressing the IoDSA's key ethical risks

The Ethics Policy and Code of Conduct are in our internal policies and procedures manual as they are applicable to all employees. Employees are contractually bound to uphold the IoDSA's policies and procedures. Staff ethics training was conducted in 2018 in collaboration with The Ethics Institute.

The IoDSA faculty is contractually bound by the IoDSA Facilitator Code of Conduct. As part of our 2019 focus, we will expand our Ethics Policy and Code of Conduct to apply to internal and external stakeholders.

The IoDSA Policies and Procedures covers expectations between the IoDSA and its employees. Expectations regarding performance are discussed on an ongoing basis in employee meetings and formal assessments. We uphold and apply our ethical standards to recruitment, the performance evaluation process and employee rewards.

The Social and Ethics Committee monitors the annual independent ethics assessment. The IoDSA scored an A in the 2018 assessment. This is a slight reduction from our 2017 score of AAA. We initiated remediation measures and internal staff focus groups to understand the reason behind the lower ranking and the need to implement enhanced employee engagement strategies for 2019. This led the IoDSA to enhance its Whistle-blowing Policy and procedures in 2018. We introduced an independent whistle-blowing initiative. We contracted with Whistle Blowers Proprietary Limited, who will provide a full report of incidents to the Social and Ethics Committee.

3. RESPONSIBLE CORPORATE CITIZEN

The Board ensures that the IoDSA is and is seen to be a responsible corporate citizen.

The IoDSA views itself as a South African corporate citizen. The Board is responsible for corporate citizenship and how it is approached and addressed.

The IoDSA conducts business in a positive way that is valuable to South Africa. This is supported by our strategic objectives:

- **Promote good governance practices:** To set principles, develop guidelines, and support the implementation of good governance practices
- **Develop the director profession:** To be the professional body for directors to develop the profession.
- **Increase the number of competent directors:** To provide learning and development opportunities that increase the number of competent directors

Refer to page 31 of the IR for more information on these activities.

The Board oversees our core purpose and values, strategy and conduct, and ensures they are congruent with responsible corporate citizenship. The Board upholds the Constitution of South Africa and ensures compliance with applicable laws and codes adopted by the IoDSA in accordance with its compliance universe.

The Board, through its Social and Ethics Committee, oversees and monitors the results of the IoDSA's activities and outputs, and their effect on its status as a responsible corporate citizen.

- **Workplace:** The IoDSA adheres to governing laws relating to employment equity compliance and best practice fair remuneration. This is achieved through the benchmarking salaries, applying our Remuneration Policy, and an overlapping members of the Social and Ethics and Remuneration committees.
The IoDSA's Health and Safety Committee undergoes an annual review of health and safety compliance. In 2018, the IoDSA was found to be 92.3% (2017: 91.1%) compliant with the Occupational Health and Safety (OHS) Act and applicable regulations. We were awarded a Certificate of Successful Completion of the Requirements of the OHS Audit.
The Social and Ethics Committee oversees broad-based black economic empowerment (BBBEE) compliance. Our 2018 assessment yielded a Level 1 rating under a specialised qualifying small enterprise scorecard.
Our BBBEE strategy for 2018/2019 is underway as our revenue threshold has resulted in the application of the BBBEE generic scorecard for the 2018/2019 assessment period.
- **Economy:** Through our advocacy for ethical and effective leadership, the IoDSA serves as a voice against fraud and corruption. We are an active member of the Anti-Intimidation and Ethical Practices Forum, aiming to assist professionals who are intimidated for exposing corruption in the workplace.
We launched a snapshot session titled "ethics in practice" in collaboration with The Ethics Institute to discuss applying ethics in challenging times. This was well received by our members.
The IoDSA maintains compliance with tax legislation. We received a tax clearance certificate for good standing. As a registered professional body, we maintained our adherence to South African Qualifications Authority requirements.
- **Society:** Our governance model is stakeholder-inclusive. We take into account the interests of stakeholders (including society). Refer to [page 14 of the IR](#) for our stakeholder landscape. We implement our annual independent reputation survey to assess our stakeholders' views and legitimate needs. Refer to [page 2 of the IR](#).
We implemented our second non-profit organisation (NPO) initiative. We offer pro bono governance training and board evaluations to selected NPOs to encourage good governance in the sector. In 2019 we will focus on expanding our NPO sector initiatives, and offer free governance online training to NPOs and small and medium-sized enterprises.
- **Environment:** We did not undertake a full carbon footprint assessment in 2018. We aim to reinstate this review in 2019. We continue with recycling initiatives in our office and training centre.

4. STRATEGY AND PERFORMANCE

The Board appreciates that the IoDSA's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are inseparable elements of the value-creation process.

The strategic objectives of the IoDSA are approved by members in the Memorandum of Incorporation (MoI). The Board reviews and upholds the strategic direction of the organisation. It approves a strategy for the business, and delegates its implementation to management. The strategy is implemented through the Board-approved annual business plan and budget.

At the annual Board strategy session, the Board stress-tested the organisation strategy, to ensure progress and achievement of strategic objectives.

The Board assesses and monitors the impact of IoDSA's activities on the relevant capitals and oversees the IoDSA's value creation. We will continue to improve our internal strategic plan over time.

Management monitors the organisation's performance as per the business plan and budgets through monthly reporting. The Board monitors organisational performance through the Chief Executive Officer's (CEO) quarterly Board report. The Audit and Risk Committee continually monitors the solvency, liquidity and going-concern status and the Investment Committee monitors the performance of the IoDSA investment portfolio.

Further information on our business model, strategy, risks and performance can be found in the IR.

5. REPORTING

The Board ensures that reports issued by the IoDSA enable stakeholders to make informed assessments of the IoDSA's performance, and its short, medium and long-term prospects.

The Board assumes responsibility for the IoDSA's reporting by determining the approach, overseeing the execution, and approving management's determination of reporting frameworks.

Apart from *ad hoc* stakeholder communications, the IoDSA issues the following formal annual communications and reports:

- Call for non-executive director (NED) nominations to the IoDSA Board
- Annual General Meeting (AGM) notice
- Integrated report
- Annual financial statements
- Governance report

The Board is satisfied that the above reports comply with legal requirements and meet the legitimate and reasonable information needs of the organisation's material stakeholders, as identified during the stakeholder engagement process. Refer to section 16 on page 14 and to the IR on page 14. The Board is satisfied with the external assurance given on reports above – refer to section 15.2 on page 14.

The Board is satisfied with management's basis for determining materiality for the purpose of deciding which information to include in external reports, as well as its assessment of reporting frameworks to be used.

Communications with stakeholders are measured in the "dialogue" section of the reputation survey. [Refer page 2 of the IR.](#)

6. PRIMARY ROLE AND RESPONSIBILITIES OF THE BOARD

The Board serves as the focal point and custodian of corporate governance in the IoDSA.

The Board:

- steers the organisation by setting its strategic direction;
- approves policy and planning that give effect to that direction;
- oversees and monitors implementation and execution by management; and
- ensures accountability for organisational performance through reporting and disclosure.

The Board Charter provides for:

- the Board's composition;
- the roles and responsibilities of the Board and various role players;
- delegation by the Board;
- performance assessment; and
- meeting procedures.

The Board Charter is reviewed annually and approved by the Board. The Board is satisfied that it has fulfilled its roles and responsibilities in accordance with its Board Charter for 2018. In executing its duties, the Board held four scheduled meetings, with attendance as follows.

BOARD MEMBER	Scheduled meeting attendance
Ntuthuko Bhengu	4/4
Sana-Ullah Bray	4/4
John Burke (resigned June 2018)	1/1
Angela Cherrington	4/4
Prieur du Plessis (Chair)	4/4
Yolan Friedmann (resigned June 2018)	1/1
Sathie Gounden (resigned June 2018)	1/1
Zeona Jacobs (appointed June 2018)	3/3
Patrick Kabuya	3/4
Felicia Msiza (appointed June 2018)	2/3
Parmi Natesan	4/4
Pumla Radebe (resigned January 2019)	4/4
Muhammad Seedat (lead independent director)	4/4
Louisa Stephens	4/4

The Board Charter also describes the process of requesting organisation documentation or a meeting with management, as well as the protocol for Board members to request independent, external advice.

7. COMPOSITION OF THE BOARD

The Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

7.1 COMPOSITION

The IoDSA is governed by a Board of Directors, who are elected from its membership at the AGM held in June each year, at which all subscription-paying members have voting rights.

As at 31 December 2018, the Board comprised 11 directors, which is within the threshold limitation of 15 as provided for in the MoI.

The Board consists of a majority of NEDs, all of whom are considered independent. The CEO is an ex-officio member of the Board. The Board determines which other executives serve as ex-officio members. During 2018, there were two executive directors on the Board – the CEO and the Executive: Centre for Corporate Governance.

The IoDSA applies a staggered rotation of NEDs. NEDs are elected for a three-year term. One third retires by rotation each year; and directors are individually eligible for re-election for two terms. NEDs do not serve longer than nine years.

In 2018 three directors were up for rotation. Sathie Gounden elected not to stand for re-election. John Burke could not stand for re-election, as he was not eligible for another term, having served nine years. Yolán Friedmann stood for re-election. We have two new candidates, Zeona Jacobs and Felicia Msiza. Zeona Jacobs and Felicia Msiza were voted in at the AGM.

We perform informal succession planning for key positions at Board level.

The Board subscribes to the philosophy of diverse representation; and promotes diversity of knowledge, skills, experience, age, culture, race and gender in its membership. This includes the use of a Board skills matrix, ongoing monitoring by the Nominations Committee, and diversity considerations during short-listing candidates for Board vacancies.

BOARD MEMBERS AS AT 31 DECEMBER 2018

Ntuthuko Bhengu

Sana-Ullah Bray

Angela Cherrington

Dr Prieur du Plessis

Zeona Jacobs (appointed June 2018)

Patrick Kabuya

Felicia Msiza (appointed June 2018)

Parmi Natesan

Pumla Radebe (resigned January 2019)

Muhammad Seedat

Louisa Stephens

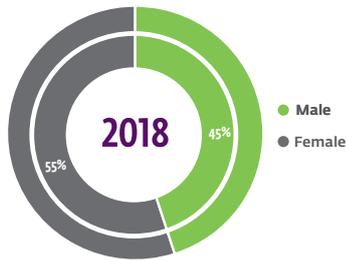
Details on Board members are in the IoDSA Board profiles on our website, [click here](#)

Details include categorisation, the Board committees on which they serve, qualifications and experience, length of service, age, and other governing body or professional commitments.

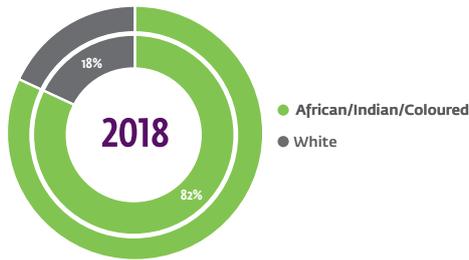
BOARD MEMBERS AND DIVERSITY

Board diversity statistics include:

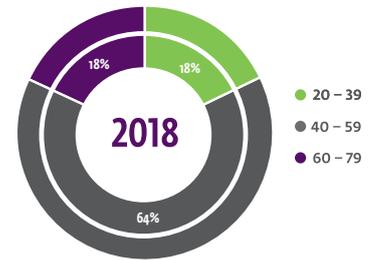
Gender (%)



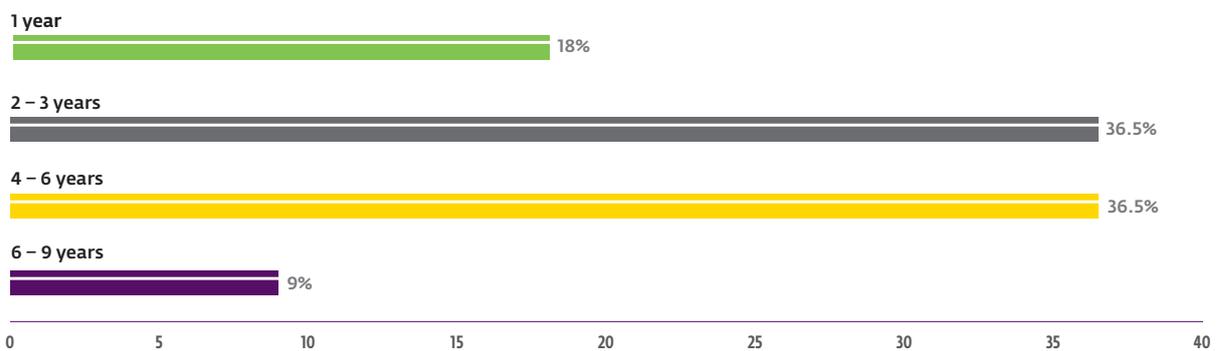
Race (%)



Age (%)



Tenure (%)



Skills

0%	8.8%	8.8%	14.7%	4.4%
Digital	Education	Finance	Governance	HR
7.4%	4.4%	3%	10.3%	4.4%
Investment	IT	Legal	Marketing	Operations
4.4%	8.8%	4.4%	14.7%	1.5%
Remuneration	Risk	Sustainability	Strategy	Tax

The Board is comfortable that it adequately considers gender and race diversity. Therefore, there are no formal race and gender targets. We strive to exceed the targets in the BBBEE scorecard for representation on our Board. In 2018, gender and race were material considerations for short-listed candidates to fill Board vacancies.

The Board is satisfied that its composition reflects the appropriate mix of knowledge, experience, diversity and independence. Legal and digital skills were identified as a need, and this will be a focus area for 2019. Global digital developments are becoming more extensive. We need to expand on this area for the Board to evolve alongside technological progression.

7.2 NOMINATION, ELECTION AND APPOINTMENT OF BOARD MEMBERS.

The Nominations Committee oversees this process. A call for nominations to the IoDSA Board is conducted annually. Candidates are required to be IoDSA members and to be proposed and seconded by IoDSA members, and to furnish information on their knowledge, skills and experience.

The Nominations Committee considers all candidates, based on the required knowledge, skills and experience, and diversity. During the interview, social and personal competencies, other professional commitments and time availability are considered. Background and qualification checks are performed on the final short-listed candidates. Board members available for re-election are considered by the Nominations Committee based on their performance and attendance history.

The Board approves the candidates to be put forward for possible election at the AGM. A brief professional profile of each candidate standing for election accompanies the AGM notice. The voting process is conducted by secret ballot. All ballots are counted by the IoDSA auditors at the AGM and the new Board members are announced at the AGM.

All new Board members sign an appointment letter confirming terms and conditions relating to service.

The IoDSA has a formal induction programme for new Board members, as well as a CPD Policy, to which all Board members adhere. All IoDSA training and other programmes and events are available to Board members. Mentorship is addressed informally where necessary.

7.3 INDEPENDENCE AND CONFLICTS

Board members confirm their declarations of interest at each Board and Board committee meeting. Board members are required to declare conflicts of interest relating to any matter on the Board or Board committee agenda at the outset of the meeting. This is managed internally and reviewed before all Board and Board committee meetings. Any matters of concern are addressed.

7.4 CHAIR OF THE BOARD

The Chair, Dr Prieur du Plessis, served for 2018 along with the lead independent director, Muhammad Seedat. Dr Prieur du Plessis will retire in June 2019 and Muhammad Seedat was selected as his successor to commence as Chair in June 2019. Their roles, responsibilities and terms of office are articulated in the Board Charter. We will focus on finding a successor for lead independent director in 2019.

To avoid concentration of power, the Chair only serves on (and chairs) the Nominations Committee.

8. COMMITTEES OF THE BOARD

The Board ensures its arrangements for delegation in its structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

The Board delegates certain responsibilities to standing Board Committees, while still maintaining ultimate accountability. The Board applies its collective mind to the information, opinions, recommendations, reports and statements presented by the Committees.

BOARD OF DIRECTORS

Audit and Risk Committee	Social and Ethics Committee	Remuneration Committee	Nominations Committee	Investment Committee
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Delegation is governed by formal terms of reference for each Board Committee, which are approved by the Board and reviewed annually. The terms of reference cover composition, roles and responsibilities, reporting requirements, access to resources and information, meeting procedures and evaluation.

Delegated authority with respect to decision-making is covered in the Board-approved delegation of authority framework.

We achieve effective collaboration between the committees through cross-membership and coordinating meeting schedules. There is a balanced distribution of power in the spread of membership.

Each committee has at least three members. Executives are standing invitees to all committee meetings. The Board Charter allows for other Board members to attend all committee meetings as observers.

The Board is satisfied that each committee has the necessary knowledge, skills, experience and capacity to execute its duties effectively.

At the end of 2018, the Board established a Certifications Committee to oversee the quality assurance of the designations offered by the IoDSA. This new committee will commence its activities in 2019 and will be governed by formal terms of reference.

8.1 AUDIT AND RISK COMMITTEE

In 2018, the Chair of the Audit and Risk Committee, John Burke, retired by rotation after serving three terms, and was not eligible for re-election. Louisa Stephens was appointed as Chair of the Audit and Risk Committee in June 2018.

The role of the committee is to assist the Board with overseeing:

- the effectiveness of the IoDSA's assurance functions and services;
- the integrity of the annual financial statements, integrated report and, to the extent delegated by the Board, other external reports issued by the IoDSA;
- risk governance; and
- information and technology governance.

THE COMPOSITION AND MEETING ATTENDANCE OF THE COMMITTEE

MEMBERS	Scheduled meeting attendance
John Burke (Chair until June 2018)	1/1
Yolan Friedmann (until June 2018)	1/1
Sathie Gounden (until June 2018)	0/1
Patrick Kabuya	2/2
Felicia Msiza (new appointee June 2018)	1/1
Muhammad Seedat	2/2
Louisa Stephens (Chair from July 2018)	2/2
INVITEES	Scheduled meeting attendance
Angela Cherrington	2/2
Parmi Natesan	2/2

For each member's qualifications and experience, refer to their profiles on our website, [click here](#). Representatives of the external auditors, BDO Inc., regularly attend meetings as invitees.

The Audit and Risk Committee duly considered the 2018 annual financial statements regarding the implementation of reporting under International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs) following the approval of this transition in 2017. The committee focused on filling the vacant position of Executive: Finance & Operations. The Committee reviewed the quality assurance mechanisms put in place during this period.

The committee considered proposals for the appointment of the external auditor. BDO was selected for continuity purposes, but it was decided that the audit would be put out to tender during 2019.

The committee considered the need for introducing an independent internal audit service provider. It was agreed that an independent internal audit would be conducted in 2019, and SAB&T Chartered Accountants Inc. trading as Nexia SAB&T was selected as service provider.

Other recurring matters addressed by the committee included:

- Preapproving annual financial statements
- Monitoring quarterly financial progress, financial position and cash reserves
- Pre-approving budgets and related business plan
- Assessing the finance function
- Overseeing IT risks and controls
- Reviewing external penetration testing results
- Approval of risk appetite and tolerance
- Pre-approval of the risk register and matrix
- Considering audit summary and findings
- Considering appropriateness of external auditor, including competence, independence, rotation and BBBEE status.
- Approving audit plan and audit fees for 2019
- Considering effectiveness of internal controls
- Monitoring the IoDSA's tax-exempt status
- Considering the compliance review

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the 2018 financial year.

With regards to its specific duties, the Audit Committee:

- is satisfied that the external auditor is independent of the IoDSA in that:
 - o no non-audit services were provided by the external auditor during the year, nor are these permitted to be provided;
 - o BDO has been the external auditor since 2013; and
 - o a new individual audit partner was appointed for the 2018 audit;
- is satisfied with the quality of the external audit based on reports received;
- is satisfied with the informal documentation of internal controls in the risk register;
- agreed that a new documented review of the system of internal financial controls was necessary and will be implemented in the first quarter of 2019;
- reviewed the resources of the IoDSA's finance function in light of the Executive: Finance & Operations vacancy, and implemented mechanisms to provide assurance of the quality of the finance function and reporting; and
- is satisfied that, for 2019, a formal combined assurance model and a formal internal audit function will be implemented.

8.2 NOMINATIONS COMMITTEE

The role of the committee is to assist the Board with overseeing:

- the appropriate composition of the Board for it to execute its duties effectively;
- succession planning in respect of Board members and management;
- a process for nominating, electing, re-electing and appointing members to the Board;
- the evaluation of the performance of the Board; and
- the induction and ongoing training and development of Board members.

THE COMPOSITION AND MEETING ATTENDANCE OF THE COMMITTEE

MEMBERS	Meeting attendance
Dr Prieur du Plessis (Chair)	4/4
John Burke (until June 2018)	2/2
Sathie Gounden (until June 2018)	1/2
Patrick Kabuya (joined July 2018)	1/1
Pumla Radebe (resigned January 2019)	4/4
Muhammad Seedat	4/4
Louisa Stephens (joined July 2018)	1/1
INVITEES	Meeting attendance
Angela Cherrington	4/4
Parmi Natesan	4/4

For each member's qualifications and experience, refer to their profiles on our website, [click here](#)

With the Chief Executive Officer's contract due to end in March 2019, a significant focus of the Committee was succession planning for the role of CEO. In light of this the Committee considered the IoDSA succession plan and formalised a candidate review and interview, and the internal promotion of Parmi Natesan was concluded.

Recruitment for the role for Executive: Finance & Operations was a focus for the committee during the latter part of 2018. The IoDSA has appointed a new EFO who joined the team in February 2019.

With changes to Board composition, significant focus was placed on allocating members to Board committees. The composition of the new Certifications Committee was finalised.

The election for the position of Chair of the IoDSA was also dealt with. A call for nominations was made to Board members and a vote took place at November 2018 Board meeting. The new Chair, Muhammad Seedat, will take up the role in June 2019.

Other recurring matters addressed by the committee included:

- Considering appropriateness of the Board's size and composition, with specific focus on the skills gaps that should be filled through new appointments
- Reviewing the content and effectiveness of the director induction programme
- Approving the Board CPD Policy and Code of Conduct
- Considering Board evaluation process for 2018
- Reviewing committee terms of reference
- Considering nominees for Board vacancies, based on current skills and diversity needs of the Board, and recommending candidates for election
- Considering Board rotation for 2018
- Approving director nomination process for 2019
- Overseeing CEO and other executives' performance
- Considering succession plans for key positions
- Overseeing executive professional development

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for 2018.

8.3 REMUNERATION COMMITTEE

The role of the Committee is to assist the Board with overseeing that the IoDSA remunerates executives and employees fairly and responsibly and that the disclosure of director and other applicable remuneration is accurate and transparent, as required by applicable laws and governance guidelines.

THE COMPOSITION AND MEETING ATTENDANCE OF THE COMMITTEE

MEMBERS	Meeting attendance
Muhammad Seedat (Chair)	2/2
Ntuthuko Bhengu (from June 2017) ¹	1/1
Sana-Ullah Bray	2/2
INVITEES	Meeting attendance
Angela Cherrington (from June 2017) ³	1/1
Parmi Natesan	2/2

For each member's qualifications and experience, refer to their profiles on our website, [click here](#)

With the changes in the executive structure, the Committee focused on executive salaries.

Other recurring matters addressed by the committee included:

- Approving salary increase budget for 2019
- Considering the appropriateness of IoDSA pension fund
- Approving bonus pool allocations for 2017, that were paid out in 2018
- Reviewing and preapproving the Remuneration Policy
- Approving remuneration disclosure in the annual financial statements

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for 2018.

8.4 SOCIAL AND ETHICS COMMITTEE

The role of the committee is to assist the Board with overseeing and reporting on organisational ethics, responsible corporate citizenship, sustainable development, stakeholder relationships, and other duties as set out in the Companies Act and Regulations.

THE COMPOSITION AND MEETING ATTENDANCE OF THE COMMITTEE

MEMBERS	Meeting attendance
Pumla Radebe (Chair) (resigned January 2019)	2/2
Sana-Ullah Bray (Chair from January 2019)	2/2
Yolan Friedmann (until June 2018)	1/1
Zeona Jacobs (joined July 2018)	1/1
Felicia Msiza (joined January 2019)	1/1
Angela Cherrington	2/2
INVITEES	Meeting attendance
Parmi Natesan	2/2

For each member's qualifications and experience, refer to their profiles on our website, [click here](#)

Due to the IoDSA revenue exceeding the revenue threshold for Qualifying Small Enterprise our 2018/2019 BBEE strategy will continue to be a focus area for 2019.

Another focus area was a discussion around the drop in rating of the Ethics Monitor survey as discussed on page x.

Other recurring matters addressed by the committee included:

- Considering the independent ethics assessment findings
- Overseeing the IoDSA's compliance, including considering regulatory universe and levels of compliance thereof
- Approving Ethics Policy and considering ethical issues potentially impacting the IoDSA
- Considering the stakeholder engagement strategy
- Considering the reputation survey findings
- Monitoring employment equity and BBEE progress against policy and strategy
- Monitoring and approving high-level human resource policies and reporting
- Monitoring employee wellness
- Monitoring the IoDSA's impact on the environment
- Considering the IoDSA's succession planning framework

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the 2018 financial year.

8.5 INVESTMENT COMMITTEE

The committee's role is to assist the Board with overseeing responsibilities relating to the investment management activities of the IoDSA.

THE COMPOSITION AND MEETING ATTENDANCE OF THE COMMITTEE

MEMBERS	Meeting attendance
Sathie Gounden (Chair until June 2018)	1/1
John Burke (until June 2018)	1/1
Zeona Jacobs (joined November 2018)	1/1
Patrick Kabuya (Chair from July 2018)	3/4
Louisa Stephens	4/4
Angela Cherrington	4/4
Parmi Natesan	4/4

For each member's qualifications and experience, refer to their profiles on our website, [click here](#)

Representatives of the investment consultants, Grayswan Investments, regularly attend meetings as invitees. Due to various corporate scandals in the country, the Committee placed significant focus on overseeing IoDSA investment exposure.

Other recurring matters addressed by the committee included:

- overseeing IoDSA investment portfolio and related performance; and
- reviewing and approving the Investment Policy Statement.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for 2018.

9. EVALUATION OF THE PERFORMANCE OF THE BOARD

The Board ensures that the evaluation of its own performance and that of its committees, Chair and individual members, support continued improvement in the Board's performance and effectiveness.

In early 2018, a formal external Board evaluation was conducted for 2017 performance. The methodology was based on questionnaires completed by the directors, followed by interviews with the Board members by an external facilitator.

The Board determined that no formal evaluation will be conducted for assessing the Board's performance for 2018. This will be discussed informally at a Board meeting in 2019. A formal review will be conducted again in year two, being January 2020, to assess 2019 performance.

Individual NED evaluations were not performed. This will be considered in future. Executive director performance appraisals were conducted for the 2018 performance.

The Board is satisfied that the evaluation process improves its performance and effectiveness.

10. APPOINTMENT AND DELEGATION TO MANAGEMENT

The Board ensures that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

10.1 CHIEF EXECUTIVE OFFICER APPOINTMENT AND ROLE

The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning. The Board sets clear roles, responsibilities and expectations in the CEO's contract. The CEO serves as the main link between management and the Board, and is accountable and reports to the Board. The CEO's performance is formally reviewed by the Board annually.

The CEO is on a fixed-term contract ending March 2019. The notice period stipulated for termination before this date is six months. There are no other significant contractual conditions related to termination.

In August 2018, the Board appointed the successor to the CEO, Parmi Natesan, who will serve as CEO Elect from January to March 2019 and will take up the full role from 1 April 2019.

Other professional commitments of the current CEO and CEO Elect, including membership of governing bodies outside the IoDSA, are in their profiles on our website, [click here](#)

10.2 DELEGATION

The detailed Board-approved delegation of authority framework articulates the powers reserved for the Board and those delegated to management. The Board ensures that key management functions are headed by individuals with the necessary competence and authority, and are adequately resourced.

The Board is satisfied that the current delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

The Board's informal management succession plan provides for emergency situations. Longer-term succession planning is impractical for the size and nature of the IoDSA and employee complement.

10.3 PROFESSIONAL CORPORATE GOVERNANCE SERVICES TO THE BOARD

Due to the nature and size of the organisation, the IoDSA does not have a company secretary. We use a third party for basic company secretarial services, such as minute-taking and filing statutory returns.

Professional corporate governance guidance is available to the Board from the IoDSA executives. The Board will follow the procedure for external professional advice as articulated in the Board Charter if independent advice is needed.

The Board believes these arrangements are effective for the size and nature of the IoDSA.

11. RISK GOVERNANCE

The Board governs risk in a way that supports the IoDSA in setting and achieving its strategic objectives.

The Board assumes ultimate responsibility of the governance of risk, with elements delegated to the Audit and Risk Committee.

The Board-approved Enterprise Risk Management Policy governs and manages risk. Risk management implementation and execution is delegated to management with appropriate Board oversight.

When evaluating the risk the IoDSA is willing to take, the Board considers and approves the IoDSA's risk appetite and risk tolerance. Due to the nature of the business, the IoDSA is conservative in its appetite and tolerance for risk. No undue or unusual risk was undertaken in the year.

The Board, through the Audit and Risk Committee, exercises ongoing oversight of risk management, in particular:

- identifying and assessing risks and opportunities;
- assessing the IoDSA's reliance on resources and relationships;
- designing and implementing appropriate risk responses; and
- establishing and implementing business continuity arrangements.

For the Audit and Risk Committee's risk governance focus areas, refer to section 8.1, page 7.

After due consideration, the Board decided it does not need periodic independent assurance on the effectiveness of risk management.

Refer [to page 18 of the IR](#) for further information on risk.

12. TECHNOLOGY AND INFORMATION GOVERNANCE

The Board governs IT in a way that supports the IoDSA in setting and achieving its strategic objectives.

The Board assumes ultimate responsibility for the governance of IT, with elements delegated to the Audit and Risk Committee.

IT is governed and managed through a Board-approved Technology and Information Policy. The implementation and execution thereof is delegated to management with appropriate Board oversight.

The Board, through the Audit and Risk Committee, oversees IT management, to achieve the strategy and manage risk. For the Audit and Risk Committee's IT governance focus areas, refer to section 8.1, page 7. There were no major IT incidents in 2018 (2017: none).

The Board considered the need for periodic independent assurance on the effectiveness of the IoDSA's IT arrangements.

In 2018, we received assurance via penetration testing, performed by an independent assurance provider, with four minor risks identified. These were addressed and no further deficiencies were noted.

13. COMPLIANCE GOVERNANCE

The Board governs compliance with applicable laws and non-binding rules, codes and standards in a way that supports the IoDSA being ethical and a good corporate citizen.

The Board assumes ultimate responsibility for governing compliance, with elements delegated to the Social and Ethics Committee.

Compliance is governed and managed through a Board-approved Compliance Policy. The implementation and execution thereof is delegated to management with appropriate Board oversight. A senior manager performs compliance reviews using Exclaim, a compliance tool that is continually updated for new legal requirements. The senior manager has legal expertise. As a standard, she reports compliance updates to the executives twice a year, prior to Social and Ethics Committee meetings, or when necessary.

The Board, through the Social and Ethics Committee, oversees compliance to ensure a holistic view of the obligations it creates, and the rights and protections it affords.

The Audit and Risk Committee monitors tax compliance.

For the Social and Ethics Committee's compliance focus areas, refer to section 8.4, page 10. We expanded our compliance universe and assessed compliance with the Prevention and Combating of Corrupt Activities Act within our organisation. Implementing the POPI Act continued during 2018. The IoDSA was impacted by elements of the International General Data Protection Regulation, which we managed.

After due consideration, the Board decided it does not need periodic independent assurance on the effectiveness of compliance.

There were no material or repeated regulatory penalties, sanctions or fines for contraventions of or non-compliance with statutory obligations imposed on the IoDSA or members of the Board. The Board will continue assessing compliance with core and secondary legislation, taking into account amendments and further obligations implemented, and maintain 100% compliance with core and secondary legislation.

14. REMUNERATION GOVERNANCE

The Board ensures that the IoDSA remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Board is ultimately responsible for the governing remuneration, with elements delegated to the Remuneration Committee.

The Board, through the Remuneration Committee, approves a Remuneration Policy. To view the Remuneration Policy on our website, [click here](#)

This articulates and gives effect to its direction of fair, responsible and transparent remuneration. The policy is designed to:

- attract, motivate, reward and retain employees;
- promote the achievement of strategic objectives within the IoDSA's risk appetite; and
- promote an ethical culture and responsible corporate citizenship.

The Board, through the Remuneration Committee, oversees the implementation and execution of the policy and ensures it achieves its objectives. The policy is tabled for a non-binding advisory vote by the members at the AGM. Members voted in favour of the Remuneration Policy at the 2018 AGM. NEDs do not receive remuneration for services as directors.

The Board considered the nature and size of the IoDSA and the lack of complexity of its remuneration structures, and determined that a separate remuneration report is unnecessary.

The Board deems appropriate the disclosures and reporting on the implementation of executive remuneration referenced in the notes to the annual financial statements, due to the size and nature of the business. These serve as the remuneration report envisaged by King IV. The 2018 audited annual financial statements are available on our website, [click here](#)

15. ASSURANCE

The Board ensures that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and the IoDSA's external reports.

15.1 COMBINED ASSURANCE

The Board assumes responsibility for assurance and delegates to the Audit and Risk Committee the responsibility for oversight of:

- the internal control environment;
- the integrity of information used for internal decision-making; and
- the integrity of external reports.

Due to the size and nature of the IoDSA, the Board is satisfied with the assurance it receives from management, external audit and other independent advisors.

A formal combined assurance model was not implemented for 2018. We will introduce internal audit in 2019 – refer below.

15.2 ASSURANCE OF EXTERNAL REPORTS

The Board receives assurance on the integrity of the annual financial statements from management, external audit and the Audit and Risk Committee.

We conducted internal management peer reviews to ensure the appropriateness of material matters and the accuracy and completeness of this report. The Audit and Risk Committee and the Board reviewed this report, and final responsibility rests with the Board.

The Board receives assurance on the integrity of the integrated report from internal management peer reviews and the Audit and Risk Committee.

15.3 INTERNAL AUDIT

The IoDSA does not have an independent internal audit function, due to its size and nature.

Management and the Audit and Risk Committee introduced an independent financial discipline review for the 2018 period and will introduce an outsourced internal audit function from 2019

16. STAKEHOLDERS

The Board adopts a stakeholder-inclusive approach in the execution of its governance role and responsibilities. This balances the needs, interests and expectations of material stakeholders in the best interests of the IoDSA over time.

The Board assumes ultimate responsibility for the governance of stakeholder relationships, with elements delegated to the Social and Ethics Committee. External stakeholder relationships are governed and managed through a Board-approved Stakeholder Policy. The CEO Elect will review and amend the Stakeholder Relations Framework.

Implementation and execution is delegated to management with oversight by the Board. The CEO champions stakeholder relationship management and delegates this within management as appropriate.

The Board, through the Social and Ethics Committee, exercises ongoing oversight of stakeholder relationships management, in particular:

- methodologies for identifying stakeholders;
- determining material stakeholders;
- managing stakeholder risk;
- formal mechanisms for engaging and communicating with stakeholders; and
- measuring the quality of material stakeholder relationships.

For the Social and Ethics Committee stakeholder relationship governance focus areas, refer to section 8.4, page 10. We will reconsider how we prioritise our stakeholders in future.

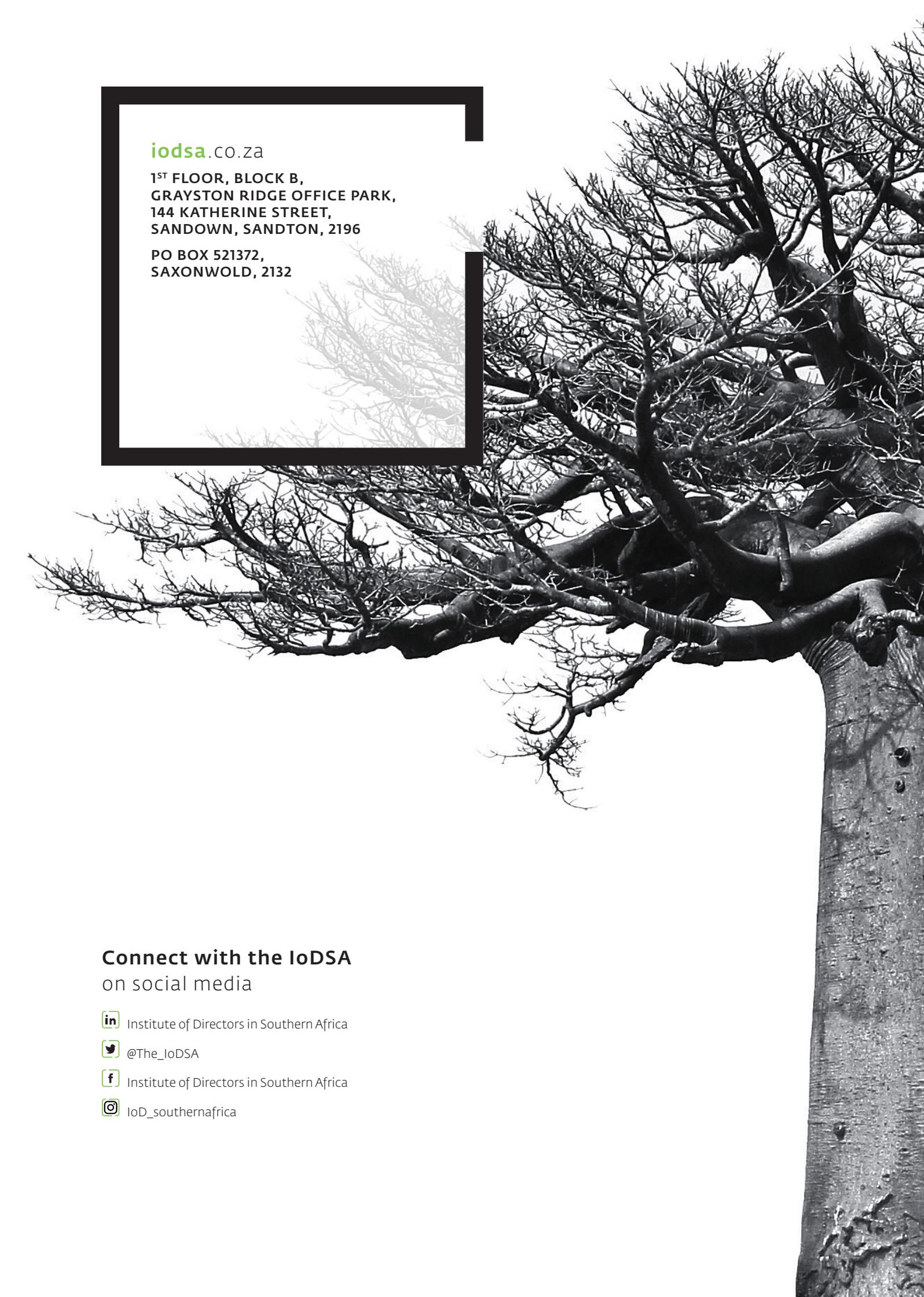
The IoDSA is a non-profit company with members. Due to the dynamic nature of our membership, we do not have a set ownership structure. The Board encourages proactive engagement with members, including at the AGM. All directors are available at the AGM to respond to member queries on the Board's execution of its governance duties. The designated audit partner attends the AGM.

Refer to the IR on page 14 for further information on stakeholders, page 2 for the reputation survey, and page 3 for the IoDSA membership profile.

CONCLUSION

The Board is satisfied with the application of corporate governance in 2018, as recommended in King IV on a proportional basis for the size and nature of the IoDSA. We believe that we uphold and implement the four governance outcomes in King IV, namely: an ethical culture, ensuring effective controls, maintaining good performance, and continued legitimacy with all of our stakeholders.

We continually strive to make enhancements where deemed fit.



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