

# PROUDLY SOUTH AFRICAN BOARD CHARTER

## 1. PREAMBLE AND PURPOSE OF THIS CHARTER

- 1.1. Proudly South African is a non-profit organisation incorporated under the Companies Act to promote (both domestically and globally) products and service produced originated or deliverable from South Africa in order to further economic development and job creation in South Africa .
- 1.2. The Board of Directors (the Board) of Proudly South African is ultimately accountable and responsible for the performance and affairs of the Campaign and regard good corporate governance as pivotal to the success of its business, its Stakeholder relations and the ability of the Campaign to deliver on its public awareness mandate.
- 1.3. This Charter aims to regulate the parameters within which the Board will operate and to ensure the application of the principles of good corporate governance in all dealings by, in respect and on behalf of the Campaign.
- 1.4. Whilst this Charter of necessity includes references to minimum acceptable standards of governance, in pursuit of its underlying ideals, it is critical that the substance prevails over form. The Board therefore reaffirms its intention to exceed these corporate governance standards wherever reasonable, having due consideration to recognised standards of governance best practice locally and internationally, the recommendations of the King Report on Corporate Governance for South Africa ("King III"), Memorandum of Incorporation in terms of the Companies Act)
- 1.5. A copy of this Charter will be signed by each director and will constitute an integral part of each director's terms and conditions of appointment. The Board Charter will be attached to all letters of appointment of the directors.

## 2. LEGISLATIVE AND GOVERNANCE FRAMEWORK

In addition to the provisions of the Companies Act 71 of 2008, Proudly South African is regulated in terms of its Memorandum of Incorporation and the provisions of the Shareholder Compact, the Public Finance Management Act, 1999 (Act No. 1 of 1999) ("PFMA") and the National Treasury Regulations, King Code on Governance Principles (King III Report) and all other applicable laws of the Republic of South Africa.

## 3. BOARD'S MANDATE AND CORPORATE GOALS

- 3.1. The Board is responsible for ensuring that the mandate of the Campaign is achieved.
- 3.2. The Board has adopted the following goals to guide it and the Campaign in the delivery of Proudly South African's mandate in the key areas of National Pride, Patriotism, Buy Local Activism, Local Procurement, Stakeholder Relations, and Social Cohesion, and in this regard the Board has committed itself to:
  - 3.2.1. Ensure that Proudly South African promotes social cohesion and nation building through awareness programmes on national pride and patriotism.
  - 3.2.2. Ensure the Campaign promotes the procurement of locally produced goods and services in South Africa and creation of access to the market for local products in the international market.

- 3.2.3. Create a Proudly South African that enjoys the support and respect of its members, listeners, as well as other stakeholders.
- 3.2.4. Create a financially sound Campaign built on a sustainable business model, and ensure that its assets are used in an effective and efficient way in line with the requirements of key legislation to which Proudly South African is subject.
- 3.2.5. Establish a procurement policy that complies with the Constitution of the Republic 1996 (Act No. 108 of 1996), the PFMA, Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and promotes ownership and the participation of youth, women and persons with disabilities and all classes of Historically Disadvantaged Individuals.
- 3.2.6. Make Proudly South African a place of preferred employment by attracting, retaining and nurturing talent in the organisation and the country, while ensuring appropriate compliance with Employment Equity.
- 3.2.7. Put in place an innovative technology and information systems platform including appropriate risk strategies that will enable Proudly South African to deliver on its mandate.
- 3.2.8. Ensure full compliance by Proudly South African with the South African Bureau of Standards ISO 9001:2008, and other legislation applicable to Proudly South African and put in place systems, policies and procedures to ensure improved business processes, achieve efficiencies and ensure good governance within the Organisation.
- 3.2.9. Monitor, evaluate and reward performance in implementing these Corporate Goals.

#### 4. BOARD COMPOSITION AND CHAIRMANSHIP

- 4.1. The Board of Directors is appointed in terms of the Memorandum of Incorporation. The Board is chaired by a non-executive Chairman.

#### 5. DUTIES AND RESPONSIBILITIES

- 5.1. This clause sets out the general principles applicable to the Board's governance of the Campaign. Matters which are specifically reserved for decision by the Board and those in respect of which authority is delegated to Executive Management are set out in **Appendix A** to this Charter and form the basis of the Campaign's Schedule of Delegated Authority
- 5.2. The Board should exercise leadership, enterprise, integrity and judgment in directing the Campaign so as to achieve the goals of the Campaign, the objectives set out in the founding documents of the Campaign.
- 5.3. The Board must:
  - 5.3.1. From time to time, determine Proudly South African's purpose and values and set the strategic direction of the Campaign, having regard to the objectives prescribed in the legislative and governance framework within which Proudly South African exists.
  - 5.3.2. At least once in each financial year, oversee the development of and approve a strategic plan for the Campaign together with a budget to facilitate delivery of the approved strategy.
  - 5.3.3. Monitor management's implementation of the business and operational plans and agreed financial objectives on an on-going basis during each financial year.
  - 5.3.4. Define levels of materiality and relevance appropriate to the business of the Campaign, delegate appropriate authority for the running of the day-to-day business of the Campaign to management in a written Schedule of

**Commented [21]:** Suggestion to insert the exact composition of the Board

**Commented [22]:** What about the appointment of a Deputy Chairman in the event that the Chair man is unavailable.

**Commented [23]:** A suggestion is that the Chairman be appointed on an annual basis.

- Delegated Authorities which will be reviewed from time to time and continually monitor the exercise of such delegated authority by management.
- 5.3.5. Ensure that a comprehensive system of policies and procedures and appropriate governance structures are put in place to ensure the smooth, efficient and prudent stewardship of the Campaign.
  - 5.3.6. From time to time, review the policies of the Campaign to ensure that such policies remain relevant and appropriate.
  - 5.3.7. Ensure the Campaign's compliance with all applicable laws and regulations, audit and accounting principles, codes of business practice and policies approved by the Board from time to time.
  - 5.3.8. Regularly review and evaluate the risks to the Campaign's business and ensure the existence of comprehensive, appropriate internal controls to mitigate against such risks,
  - 5.3.9. Ensure that the Campaign has a sound succession plan in place in respect of senior management and other key positions and guide restructuring and transformation.
  - 5.3.10. Exercise objective judgment on the business affairs of the Campaign, independent from management, but with sufficient information to enable a proper and informed assessment to be made.
  - 5.3.11. Identify and monitor non-financial aspects relevant to Proudly South African's business, and ensure that the Campaign acts responsibly towards all relevant stakeholders having a legitimate interest in its affairs.

## 6. SPECIFIC RESPONSIBILITIES IN TERMS OF THE PFMA

- 6.1. In addition to the responsibilities of the Board in terms of the Companies Act and corporate governance best practice, the Board, as the "accounting authority" in terms of the PMFA has the following further responsibilities, in respect of which liability attaches individually and severally to the directors:
  - 6.1.1. Directors must act with fidelity, honesty, integrity and in the best interests of the Campaign in all dealings on its behalf and are prohibited from using their privileged position as directors or any confidential information gleaned in that capacity for their personal gain or that of any other person.
  - 6.1.2. Directors must fully disclose to the Board any actual or potential direct or indirect personal or private business interest of himself/herself, a spouse, partner, and friend or close family member in any matter before the Board.
- 6.2. The Board must ensure:
  - 6.2.1. The care and protection of the Campaign's assets and records, and seek to prevent any prejudice to the financial interests of the Social Partners to NEDLAC;
  - 6.2.2. The existence of effective, efficient and transparent systems of financial and risk management and internal control;
  - 6.2.3. The existence of a robust internal audit function;
  - 6.2.4. The existence of a procurement system which is fair, equitable, transparent, competitive and cost effective;
  - 6.2.5. That a methodology for the thorough evaluation of capital projects prior to final approval is put in place;
  - 6.2.6. That all revenue due to the Campaign is collected and that working capital is efficiently and effectively managed; and

**Commented [24]:** Use Campaign instead of Organisation for consistency

6.2.7 That the investment of all funds under the Campaign's control takes place in terms of a clear investment policy which complies with the National Treasury Regulations, and which is approved by the Board.

- 6.3 The Board must, from time to time, facilitate a risk assessment to determine material risks to which the Campaign is exposed and ensure that robust systems and appropriate strategies to guard against such risks are put in place. In particular, the Board must ensure that the Campaign's internal control systems are suitable to ensure the protection of the Campaign's assets and reputation.
- 6.4 The Board must take stringent measures to guard against irregular, fruitless and wasteful expenditure and to cause appropriate disciplinary measures to be taken against any employee who, through criminal conduct or non-compliance with any operational policies, incur such losses or expenditure. The Board must ensure that instances of financial misconduct are investigated within 30 (thirty) days of the Board becoming aware of such conduct and that the prescribed reports are lodged timeously with the Auditor-General as required by the National Treasury Regulations.
- 6.5 The Board must establish a procedure for the submission of regular reports to the Minister of Trade and Industry as required by the Shareholder Compact. In the event that the Board is unable to comply with its obligations in terms of the PFMA, it must promptly report this to the Minister and National Treasury giving reasons for its inability to comply.
- 6.6 The Board must submit the Campaign's financial statements, prepared in accordance with applicable accounting standards to the auditors for auditing purposes within 3 (three) months of the Campaign's financial year end.
- 6.7 Annually, within 5 (five) months of the financial year end, the Chief Executive Officer ("CEO") on behalf of the Board, must submit a report to the Minister and National Treasury on the activities of the Campaign for the year, together with the audited annual financial statements ("AFS") and the Auditor-General's report thereon. The AFS must include a report by the directors and a full disclosure of all directors' and key management remuneration in respect of the Campaign.
- 6.8 The Board must annually conclude a Shareholder's Compact with the Minister of Trade and Industry in respect of agreed performance indicators for the Campaign in the ensuing year.

## **7. BOARD'S RELATIONSHIP WITH THE STAKEHOLDERS**

- 7.1 The Board's relationship with the Stakeholders and the targets to be achieved by the Campaign in any financial year are determined in the Stakeholders Compact.
- 7.2 The Chairman of the Board must meet at least twice a year with the Stakeholders to discuss issues of relevance to the relationship between Proudly South African and the Stakeholders and must report back to the Board on such discussions. The bilateral meetings will include the CEO, the Company Secretary and other members of executive management who are deemed necessary by the Chairman.

## **8. LEADERSHIP OF THE CAMPAIGN**

- 8.1. There must be a clear division of responsibilities between the executive responsibility for the running of the Campaign's business and the leadership of the Board.
- 8.2. The Board must be led by a non-executive Chairman whilst control of the day-to-day operations of the business will be vested in the Chief Executive Officer (CEO) appointed by the Board.
- 8.3. The CEO is responsible for the execution of the Board's policies and practices.

The Board monitors and reviews the CEO's performance with regular dialogue and feedback

## 9. THE ROLE OF THE CHAIRMAN

- 9.1. The Chairman will preside over meetings of the Board and is responsible for ensuring the integrity and effectiveness of the Board governance processes.
- 9.2. The Chairman provides overall leadership to the Board and must ensure that all directors play a role, collectively and individually, in discharging their duties and/or responsibilities as directors of the Campaign.
- 9.3. The Chairman is responsible for representing the Board to the Stakeholders and to the public and will also act as the main informal link between the Board and executive management. He/she will maintain regular dialogue with the CEO on significant matters and must consult with the other Board members promptly on any issue relating to the Campaign which is brought to his/her attention.
- 9.4. The Chairman must determine, in conjunction with the CEO and the Company Secretary, the formulation of an annual calendar and an annual work plan for the Board against agreed objectives and goals.
- 9.5. The Chairman must ensure that the format and timing of Board meetings and the content and order of the Board agenda is appropriate, that directors are properly briefed on issues arising at Board meetings and that all relevant and available information on an issue is placed before the Board in order that members may make informed decisions.
- 9.6. The Chairman will act as a facilitator at meetings of the Board to ensure that no director dominates the discussion, that relevant discussion takes place, that the opinions of all directors relevant to the subject under discussion are solicited and freely expressed, and that Board discussions lead to appropriate decisions. The Chairman will seek a consensus amongst the Board but may, where considered necessary, call for a vote, in which event the decision of an ordinary majority of directors will prevail and dissenting views will be recorded. The Chairman will not have a casting vote.
- 9.7. In the event of any matter arising which the Chairman, or the majority of the Board, feel that the Chairman may not be able to deal with objectively, the Chairman will temporarily relinquish the chair to any other non-executive director for the duration of the discussion on such issue. In such event, the Chairman will be entitled to enter into discussion and to vote as any other director present at the meeting.
- 9.8. The Board shall at least annually, through the Remuneration Committee, review the performance of the CEO.
- 9.9. In the absence of the Chairman for any reason, the role of the Chairman as set out above shall be executed by the Deputy Chairman.

**Commented [25]:** Can a deputy chair be appointed for such situations.

**Commented [26]:** This clause should be inserted under clause 5.3

## 10. DIRECTOR'S DUTIES AND CODE OF CONDUCT

- 10.1. Every director of the Board must:
  - 10.1.1. At all times conduct himself/herself in a professional manner, having due regard to his/her fiduciary duties and responsibilities to the Campaign;
  - 10.1.2. Uphold the core values of confidentiality, integrity and independence in all dealings on behalf of Proudly South African;
  - 10.1.3. Ensure that he/she has sufficient time available to devote to his/her duties as a director;

- 10.1.4. Be diligent in discharging his/her duties to the Campaign and seek to acquire a broad knowledge of the Campaign's business so as to be able to provide meaningful direction to it;
  - 10.1.5. Keep abreast of changes and trends in the business environment and markets, including changes and trends in the economic, political, social, technology and legal climate generally, which may impact on the Campaign's business; and
  - 10.1.6. Use their best endeavours to attend all Board meetings, to read all necessary documentation and prepare themselves thoroughly in advance of Board meetings. Directors who are unable to attend a scheduled meeting must advise the CEO or the Company Secretary in writing, in advance of a meeting.
- 10.2. The Board must allow every director to play a full and constructive role in board meetings. Directors must accordingly participate fully, frankly and constructively in Board discussions and other activities and must endeavour to bring the benefit of their particular knowledge, skills and abilities to Board discussions.
  - 10.3. As directors are individually and collectively accountable for compliance by Proudly South African with its statutory and regulatory obligations, every director must endeavour to be conversant with the statutory and regulatory framework within which Proudly South African operates.
  - 10.4. The Board may recommend to NEDLAC that any director who fails to attend at least 75% of scheduled Board or Committee meetings be called upon to relinquish his/her directorship.
  - 10.5. It is recorded that the maximum levels of remuneration payable to directors are determined by the Remuneration Committee in agreement with the Minister of Trade and Industry.

## **11. GENERAL PRINCIPLES OF DELEGATION OF AUTHORITY**

- 11.1. The Board must have the power to delegate to any specific person or committee any of its powers and discretions and to grant to such person or committee general or specific powers of sub-delegation. Such delegation is subject to the limitations and conditions imposed by the Board and will not absolve the Board of its liability and accountability for the due exercise of any authority delegated by it in terms of the PFMA.
- 11.2. The delegation of authority to any person or committee will not divest the Board of that authority. Notwithstanding any delegation, the Board will always retain residual authority and any authority delegated by the Board in terms of this Charter, the Schedule of Delegated Authority Framework or the terms of reference in terms of which the Board committees are constituted may be revoked at will, by resolution, at the discretion of the Board.

## **12. BOARD COMMITTEES**

- 12.1. The Board may form such committees as may be necessary to facilitate efficient decision making and to assist the Board in the execution of its duties, power and authorities. The Board presently has the committees set out in **Appendix B**.
- 12.2. All Board committees, must have a majority of non-executive directors and will be chaired by a non-executive member who will not necessarily be the Chairman of the Board.
- 12.3. Each committee of the Board is constituted with formal terms of reference which will determine, amongst other things, the membership, purpose, powers and authority of the committee, the scope of its mandate and its relationship to the Board.

- 12.4 In cases where two or more committees have concurrent or partially overlapping jurisdiction in respect of a matter, the CEO will consult the Chairpersons of the affected committees to guide such committees on whether it is necessary to co-opt members of the other committee with relevant skills during the discussion of the issue or to convene a joint sitting of both committees to consider the matter before it is recommended to the Board for resolution.

#### **12.5. General principles of constitution**

As general principles:

- 12.5.1. Board committees will have no executive authority unless otherwise specifically resolved by the Board in respect of particular issues within a committee's remit. Board committees must discuss any matter referred to it and must present its recommendations to the Board for resolution.
- 12.5.2. Board committees will observe the same rules of conduct and procedures as the Board, unless the Board specifically determines otherwise in the committee's terms of reference.
- 12.5.3. No non-executive director of the Board may serve on more than two (2) Board committees and Board committees will consist of a maximum of four (4) non-executive Board members, excluding invitees.
- 12.5.4. Board committees will be constituted having regard to the skills, expertise and experience of members apropos the respective committees' mandates. Where appropriate or necessary, independent external professionals with relevant skills and expertise may be co-opted as permanent members of the committees to assist or bolster the committees where there is a shortage of such skills or expertise. Such co-opted professionals must have the status of invitees to the committee, will not form part of the quorum for meetings and will have no voting rights.
- 12.5.5. In order to re-enforce the principle of executive accountability to the Board as set out in the Memorandum of Incorporation, the relevant members of the Executive Committee charged with the operational responsibility linked to the committees' area of focus will attend committee meetings as permanent invitees.
- 12.5.6. In addition, the committee will at all times have access to any executive director or member of management who is not a member of the committee and may invite their input and guidance in respect of relevant issues before the committee.
- 12.5.7. Board committees will be entitled to seek independent professional guidance and advice at the cost of the Campaign where the committee deems it appropriate for the proper discharge of its mandate.
- 12.5.8. A formal report back, either orally or in writing, will be provided by the Chairman of each committee to all Board meetings following the committee meetings to keep the Board informed and to enable the Board to monitor the committee's effectiveness.
- 12.5.9. Minutes of committee meetings will be made available to all the Board members on request. However, copies of these minutes will not be included in the Board pack.
- 12.5.10. The Board will have the power, at all times, to alter the size of any of its committees, to remove any member or members from a committee and to fill any vacancies created by such removal. The Board will review the membership of the Board committees annually following the performance appraisal of the Board.
- 12.5.11. The Board may by resolution dissolve any one or more of its committees.

## **12.6. The Executive Committee/Emergency Committee**

- 12.6.1. The Executive committee ("Exco"), is governed by terms of reference which are similar to those of the Board committees.
- 12.6.2. The Exco is entitled to exercise the level of authority delegated to it by the Board in the Schedule of Delegated Authority and the Board has a duty to monitor the exercise of such authority by Exco.
- 12.6.3. To assist in the Board's execution of its monitoring role, the CEO will prepare a schedule of all decisions made by Exco.
- 12.6.4. Directors will be entitled to access to the minutes and all records of Exco on request to the CEO who will facilitate such access.

## **12.7. Decision-making process and circumstances where matters may be referred directly to the Board**

- 12.7.1. As a general principle, matters which are referred to the Board for approval will be first interrogated by Exco and the relevant Board committee prior to being referred to the Board for approval.
- 12.7.2. In certain circumstances however, notwithstanding the existence of the committee structure outlined above and the fact that the Board has delegated certain authority to the established committees, the Board will be entitled, at the discretion of the Chairman, to receive and deal with any matters within the scope of the Board's authority, even if such matter has not been considered by the relevant committee prior to it being dealt with by the Board. Some examples of such instances, although not an exhaustive list, may include business negotiations where the competitive nature of the negotiations requires decisions to be taken between committee meetings and any delay in the decision-making process could result in the loss of the potential opportunity or deterioration in the commercial terms.
- 12.7.3. Where an issue is referred to the Board without first having gone through the structured decision-making processes envisaged in this Charter, the Board may refuse to consider the transaction unless it is accompanied by a written motivation from the CEO and the relevant sponsoring Standing Committee Chairperson setting out the reasons for urgency and why the matter should be considered.
- 12.7.4. The Chairman of the Board must, after considering the motivation and consulting with the Company Secretary for guidance, have the sole discretion to condone such non-compliance and will cause his/her reasons for condonation to be recorded.

## **13. BOARD GOVERNANCE**

### **13.1. Frequency and Quorum of Meetings**

- 13.1.1. The Board will meet at least four times in each financial year, and may convene additional meetings as and when necessary.
- 13.1.2. In addition to the rules of procedure set out in this Charter, meetings and proceedings of the Board will be governed by the Memorandum of Incorporation of the Campaign. The quorum necessary

for the transaction of business will be 50% of the members of the Board must attend.

13.1.3. In the absence of the Chairman of the Board, the meeting shall be chaired by any other non-executive director appointed by the majority vote of those directors present at a duly convened meeting.

**Commented [27]:** The meeting should then be chaired by the deputy chairman.

### **13.2. Directors' Right of Access to Information, Confidentiality and Records**

13.2.1. Directors will be entitled to access all information about the Campaign which is relevant to their role as Board members of Proudly South African. Requests for information will be directed through the office of the CEO.

13.2.2. The Board agrees that the maintenance of the confidentiality of Board proceedings is of paramount importance. In exceptional circumstances, and at the sole discretion of the Chairman in order to facilitate the maintenance of confidentiality, meeting papers and submissions of a sensitive nature will be left in the boardroom on conclusion of the meeting for disposal by the CEO.

13.2.3. The CEO must keep records of all Board submissions and papers, and of all material presented to the Board together with the minutes of meetings. These records will be accessible to all directors upon request.

### **13.3. Independent Professional Advice**

13.3.1. The Board will approve where necessary a procedure in terms of which any director may take independent professional advice, at the expense of the Campaign, on any matter relevant to his/her directorship of the Campaign. A budget for this purpose will be maintained by the CEO.

### **13.4. Conflicts of Interests**

13.4.1. The Board must adopt a formal Conflicts of Interests Policy in terms of which conflicts are defined and appropriate procedures for dealing with conflicts are prescribed. As a minimum, such a policy must state that directors must recuse themselves from discussions or decisions on matters in which they have a conflict of interest.

13.4.2. Directors are required to inform the Board through the CEO in advance, of any conflicts or potential conflicts of interest that they may have in relation to particular items of business to be transacted at a meeting.

13.4.3. Directors will not vote and will not be counted in the quorum of a meeting to pass a resolution in respect of any business where they have a direct or indirect interest.

13.4.4. All declarations of interest made at any Board meeting will be recorded in the minutes.

13.4.5. If any director wilfully or negligently fails to disclose an interest as required above or, subject to the provisions of the Memorandum of Incorporation if he/she participates in the proceedings of the Board notwithstanding any conflict of interest, the relevant proceedings of the Board may, at the discretion of the other directors be declared null and void. This is in addition to any other sanction that the Board may collectively apply in respect of the errant director, which sanction may include a recommendation to the Minister that such director be removed from the Board.

13.4.6. In exceptional circumstances, the Board may decide that in the light of interests disclosed by a director, such director will not be entitled to receive any further information on any particular matter before the Board

and shall instruct the Company Secretary accordingly. A director who is aggrieved by the Board's decision in this regard is entitled to make representations to the Board which will refer the matter to an independent governance expert whose decision will be final and binding on the parties.

#### **13.5. Maintenance of Meeting and Statutory Records**

13.5.1. The Company Secretary will cause minutes of all Board meetings, and written resolutions of such meetings, to be kept in accordance with the the CEO . The Company Secretary will circulate minutes of the previous Board meeting to all members of the Board prior to the next meeting of the Board within the time period prescribed in the Companies Act.

13.5.2. The Company Secretary will cause minute books and other registers to be kept in accordance with the provisions of the Companies Act.

#### **13.6. Company Secretary**

13.6.1. The Company Secretary will work closely with the Chairman and the CEO, to ensure the proper and effective functioning of the Board and the integrity of the Board governance processes.

13.6.2. The Company Secretary will provide the Board as a whole and the directors individually with an appropriate induction programme and detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Campaign.

13.6.3. The Company Secretary will report administratively to the CEO and functionally to the Board as a whole. All directors must have direct access to the advice and services of the Company Secretary.

#### **13.7. Role of Internal Audit**

13.7.1. The internal audit function is recognised as an integral part of the governance structures of the Campaign and functions in terms of policies approved by the Board.

13.7.2. The Head of Internal Audit must report administratively to the CEO and functionally to the Chairman of the Audit Committee. In addition, he/she must have ready and regular access to the Chairman of the Board.

### **14 PERFORMANCE EVALUATION**

The Board will at least once annually review the performance of the Board as a whole, the Board committees, the Chairman, the CEO and the Company Secretary. The Company Secretary together with the Remuneration Committee will facilitate the evaluation process.

### **15. PROCESS FOR REVIEW OF THIS BOARD CHARTER**

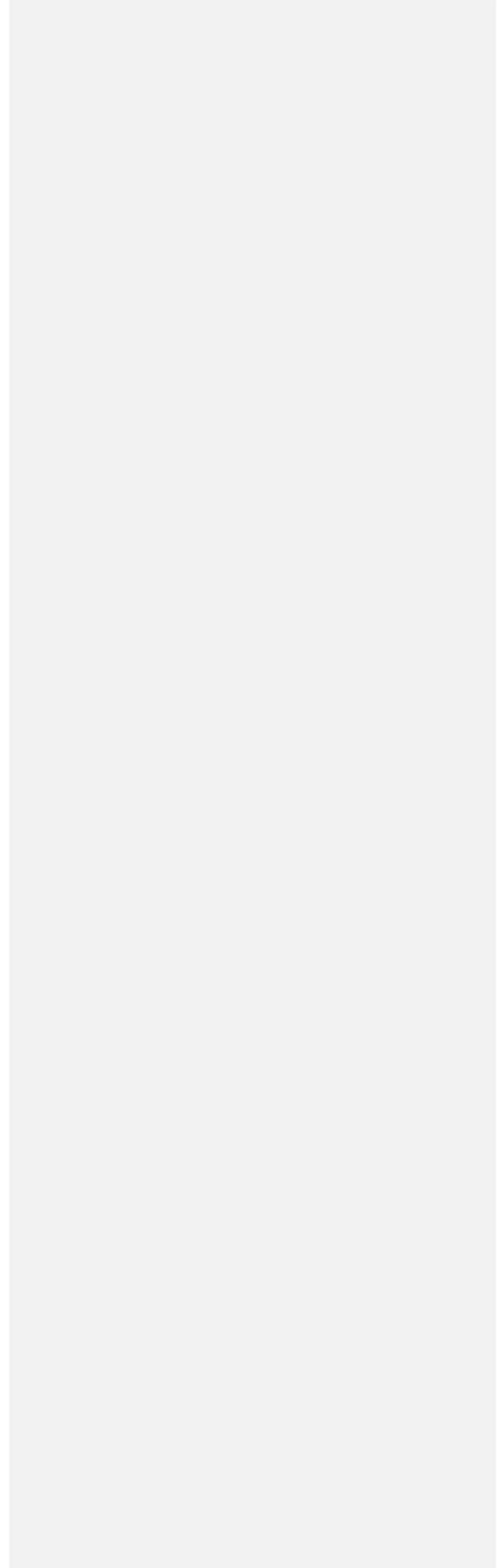
This Board Charter will be reviewed by the Board at least once annually to ensure that it remains relevant to the Campaign's business and other objectives.

#### **This Board Charter contains the following Appendices:**

A : Reserved Powers

B: Board Committees

C. Definitions



## **APPENDIX A: RESERVED POWERS**

This Appendix is an integral part of the Charter and sets out the matters reserved for decision by the Stakeholder and the Board respectively as well as those powers delegated by the Board to the CEO and the Executive Committee.

The reservation of powers set out in this Appendix is in line with the provisions of Proudly South African's Memorandum of Incorporation, the Companies Act, and the Shareholder Compact.

This Appendix A is an integral part of Proudly South African's Schedule of Delegated Authority framework and any amendments to this Appendix will be incorporated into the Delegation of Authority Framework, save that in the event of any inconsistency between this Appendix and the Delegation of Authority Framework, the provisions of this Appendix is deemed to prevail.

### **1. MATTERS RESERVED FOR SHAREHOLDER DECISION**

1.1 The following matters will be reserved for decision by the Stakeholders:

- 1.1.1 Any special resolution, including a resolution to amend the Memorandum of Incorporation for any change to the name under which the Campaign does business;
- 1.1.2 Any increase, reduction or other change, consolidation or division of the share capital or any merger or consolidation involving the Campaign;
- 1.1.3 . Any transfer of all or substantially all of the assets of the Campaign;
- 1.1.4 Subject to the Materiality Framework signed by the Board and the Minister, any disposal of the whole or a major part of the business or undertaking of the Campaign or any acquisition or disposal of any significant assets of the Campaign in terms of the PFMA;
- 1.1.5 Any winding-up or liquidation of the Campaign or any material change in the business of the Campaign or the commencement of any new business by the Campaign;
- 1.1.6 The establishment by the Campaign of any subsidiary;
- 1.1.7 The approval of the annual financial statements of the Campaign;
- 1.1.8 The acquisition or disposal of any immovable property, subject to the limits agreed upon in the Materiality Framework;
- 1.1.9 The approval of the Materiality Framework in terms of the PFMA;
- 1.1.10 Any change in the financial year or tax year of the Campaign;
- 1.1.11 Approval of the appointment of executive directors of the Campaign, by the Board or the extension of executive directors' terms of office; and
- 1.1.12 Determination and approval of the remuneration of non-executive director and members of Board committees.

## **2. MATTERS RESERVED FOR BOARD DECISION**

2.1 Matters reserved for decision by the Board, supported wherever appropriate by such recommendations as may be made by the relevant Board committees, are as follows:

- 2.1.1. The formation of and delegation of any authority to any new Board committee or any amendment to the scope of authority of any Board committee;
- 2.1.2 The determination of the strategic direction of Proudly South African, approval of the annual strategic plan and the 3 year Medium Term Economic Framework (MTEF) of the Campaign,
- 2.1.3 The approval or amendment of the annual budget of the Campaign;
- 2.1.4 After due compliance with the approved policies and business processes of the Campaign, the approval of any financial transaction above R15 million in value.
- 2.1.5 The approval of a Schedule of Delegated Authority for the Campaign;
- 2.1.6 The delegation of any authority to the CEO, any board or executive management committee or to any member of management in terms of the Schedule of Delegated Authority of the Campaign;
- 2.1.6 Recommending to the Stakeholders any new business or any material change in the business of the Campaign;
- 2.1.7 The approval and recommendation of a Materiality Framework to the Minister in terms of the PFMA;
- 2.1.8 The adoption of any significant change in or departure from the usual accounting policies and practices of the Campaign; and
- 2.1.9 The appraisal, at least once annually, through the Remuneration Committee of the performance of the Board committees and the CEO.

## **3. POWERS AND RESPONSIBILITIES DELEGATED TO THE CHIEF EXECUTIVE OFFICER**

- 3.1. The CEO acts on behalf of and at the direction of the Board in managing the business Proudly South African.
- 3.2. The CEO has the following responsibilities and authority:
  - 3.2.1. Implementation of strategies and policies approved by the Board.
  - 3.2.2. Managing the business and affairs of the Campaign in accordance with the strategic objectives approved by the Board.
  - 3.2.3. Prioritising the allocation of capital, technical and human resources to ensure the achievement of the Campaign's business objectives.
  - 3.2.4. Establishing best practice management and functional standards.
  - 3.2.5. At the end of each financial year, reporting to the Auditor-General submitting the annual report compiled in accordance with the PFMA and other related laws.

- 3.2.6. Complying with the further responsibilities of an official of a "Public Entity" as described in the PFMA [§ 57(a) to (e)]:
  - 3.2.6.1. Ensuring that an effective and efficient system of financial management and internal controls is put in place in the Campaign;
  - 3.2.6.2. Ensuring the effective, efficient, economical and transparent use of financial and other resources and safeguarding the assets of the Campaign in accordance with the PFMA;
  - 3.2.6.3. Taking appropriate and timely steps to prevent any irregular expenditure, fruitless and wasteful expenditure in accordance with the obligations of the Campaign under the PFMA;
  - 3.2.6.4. Ensuring overall compliance by the Campaign with its statutory and regulatory obligations, in particular those under the PFMA; and
  - 3.2.6.5. Being responsible for the management, including the safeguarding of the assets and the management of the liabilities of the Campaign.
- 3.2.7. Making management appointments, ensuring the development of an appropriate succession strategy and monitoring the performance of senior management.
- 3.2.8. Assisting the Board in executing its responsibilities in terms of the PFMA;
- 3.2.9. Any other power delegated to the CEO in the Schedule of Delegated Authority as reviewed and approved by the Board from time to time.

#### **4. POWERS AND RESPONSIBILITIES DELEGATED TO THE EXECUTIVE COMMITTEE**

- 4.1. The Executive Committee ("Exco") is constituted in accordance with terms of reference approved by the Board and is responsible to oversee the day-to-day running of the Campaign in accordance with the strategic plan approved by the Board.
- 4.2. Exco has the following responsibilities and authority:
  - 4.2.1. The development of the policy framework of the Campaign and the recommendation of new policies to the Board for approval;
  - 4.2.2. Approval of minor or immaterial amendments to existing policies of the Campaign provided that such amendments do not have the effect of altering the intention of any approved policy or significantly altering the financial consequences on the Campaign;
  - 4.2.3. The development of corporate and other related plans required by law and the recommendation of these to the Board for approval;
  - 4.2.4. The recommendation of a system of financial and internal controls and a risk management strategy for approval by the Board;
  - 4.2.5. After due compliance with the approved policies and business processes of the Campaign, the approval of any financial transaction up to R15 million in value;
  - 4.2.6. The approval of any deviation or variance in the approved budget for any transaction entered into by the Campaign up to a maximum of ten percent (10%) of the original approved budget;

- 4.2.7. The establishment of any operations committee or cluster and the delegation of appropriate levels of financial-decision making authority to that committee or cluster, provided that such delegation will at all times comply with the general principles of delegation set out in this Board Charter and will not absolve Exco from responsibility for the due exercise of the delegated authority; and
- 4.2.8. Any other power delegated to Exco in the Delegation of Authority Framework as reviewed and approved by the Board from time to time.

## **APPENDIX B: BOARD COMMITTEES**

The Board has the following committees.

- Audit and Risk
- Finance and Procurement
- Marketing Communication and Membership
- Remuneration
- Social and Ethics

## APPENDIX C

### 1. DEFINITIONS

For the purpose of this Charter, unless the context indicates otherwise, the following definitions are set out for the terms indicated;

- 1.1 "AFS" means annual financial statements;
- 1.2 "Accounting Authority" means the Board of Proudly South African;
- 1.3. "Annual Performance Plan" means a document which sets out what PROUDLY SOUTH AFRICAN intends doing in the upcoming financial year and during the Medium Term Economic Framework to implement its Strategic Plan;
- 1.4. "Annual Report" means annual report on Proudly South African Activities of 2011/2012;
- 1.5. "Business Plan" means this agreement between the Executive Authority and Accounting Authority;
- 1.6 "CEO" means Chief Executive Officer;
- 1.7 "Charter" means the Proudly South African Board Charter as recorded in this document together with all the Appendix hereto;
- 1.8. "Executive Authority" means the Minister of Trade and Industry;
- 1.9. "Government" means the Government of the Republic of South Africa;
- 1.10. " King III Report" means the King III Report on Corporate Governance published by the King Committee on Corporate Governance in 2009 or its successor;
- 1.11 "MTEF" means Medium Term Economic Framework;
- 1.12. "Minister" means the Minister of Trade and Industry in his capacity as such or any other Minister of State who may be appointed to this portfolio or be made responsible for the Department of Trade and Industry's public and trading entities;
- 1.13. "National Treasury" means National Treasury of South Africa, established in terms of the Public Finance Management Act, 1999 (Act 1 of 1999);
- 1.14. "NEDLAC" means National Economic and Development and Labour Council;
- 1.15. "ODG" means the Office of the Director – General with the Department of Trade and Industry;
- 1.16. "PFMA". means Public Finance Management Act, 1999 (Act No.1 of 1999);

**Commented [28]:** Suggest deletion of this definition as it is not mentioned in the Charter.

**Commented [29]:** Suggest deletion of this definition as it is not mentioned in the Charter

**Commented [210]:** Suggest deletion of this definition as it does not appear in the Charter.

**Commented [211]:** Suggest deletion of this definition as it does not appear in the Charter

- 1.17. "Proudly South African" means the Proudly South African Campaign, a company incorporated in terms of Section 21 of the Companies' Act;
- 1.18. "Shareholder" means the agreement between the Executive Authority and Accounting Authority;
- 1.19. "Shareholder Compact" means this agreement between the Executive Authority and Accounting Authority;
- 1.20. "Stakeholders Compact" means this agreement between the Executive Authority and Accounting Authority;
- 1.21. "Strategic Plan" means a document which sets out an institutions policy priorities, programmes and project for the five-year period from the upcoming financial year, as approved by its accounting authority, within the scope of available resources;
- 1.22 "The Board" means the Board of Directors;
- 1.23 "The Campaign" means the Proudly South African Campaign;
- 1.24 "The Companies Act" means the Companies Act. 2008 (Act No.71 of 2008);
- 1.25 "the dti" means the Department of Trade and Industry;
- 1.26. "Treasury Regulations" means the National Treasury Regulations.

**Commented [212]:** Insert definition

**Commented [213]:** Suggest deletion of this definition as the acronym is not mentioned in the Charter.