

TERMS OF REFERENCE:

THE SUSTAINABILITY TECHNICAL COMMITTEE

(“the Committee or STC”)

1 BACKGROUND¹

1.1 The principal purpose and object of the South African Institute of Chartered Accountants (“the Institute or SAICA”) is to enhance the relevance, values, competence and influence of its Members and Associates in South Africa and abroad, and to contribute to economic and social development in South Africa.² To achieve its purpose, the SAICA Board (“the Board”) may appoint³ committees to assist in the performance of its functions and duties in accordance with paragraph 6.3⁴ of the Constitution.

1.2 In terms of its By-laws, the Board should ensure⁵ that, at a minimum, there are committees appointed within SAICA to cover the following core areas:

- Education - Initial Professional Development;
- Assurance;
- Financial Reporting/ Accounting Practices;

¹ In terms of the By-laws (par 9.2), the following provisions apply to all committees and task groups of the Institute:

- one of the members of a committee, interest group or task group may be designated by the Board as Chairperson of the committee. Should the Board not so designate a member as chairperson or should the member so designated not be present or be unable to act at any particular meeting, the committee or task group shall elect a chairperson;
- the Board may determine a quorum for meetings of a committee, interest group or task group, and if not so determined, the quorum shall be fixed by the committee or task group;
- any committee, interest group or task group so formed shall comply with any instructions given by the Board and shall keep minutes of its meetings which shall be kept in a bound minute book;
- the Board may assign to a committee, interest group or task group so established such of its powers which it may deem fit, but it shall not be divested of any power which it may have assigned to a committee, interest group or task group and (save in the case the Professional Conduct Committee and the Disciplinary Committee) it may amend or revoke any decision of such committee, interest group or task group;
- any committee, interest group or task group to whom the foregoing powers have been assigned shall continue to act and retain the powers so assigned until its appointment is revoked by the Board.
- the Board shall require each committee, interest group or task group to draft a charter or terms of reference as appropriate and submit them to the Board for approval and are subject to review on an annual basis.

² See SAICA constitution par 4.1.

³ See SAICA By-laws par 9.1

⁴ Par 6.3 provides that the objectives of the Board will be described in the Board Charter and will require the Board, inter alia, to ensure the Board committees discharge their functions appropriately in relation to meeting strategic plans and budgets.

⁵ See 9.5 of the SAICA By-laws.

- Ethics;
- Taxation; and
- Sustainability

1.3 The Board shall require each committee, to draft a terms of reference as appropriate and submit them to the Board for approval and these are subject to review on an annual basis⁶.

2 OBJECTIVES

2.1 This Terms of Reference sets out the role, functions, policies and procedures applicable to the STC. The STC will operate in accordance with this Terms of Reference, SAICA's delegation of authority (DoA), the SAICA by-laws and the SAICA Constitution.

2.2 The objective of the Committee is to support SAICA to respond to various current and emerging sustainability aspects as it relates to its members and other stakeholders as identified by SAICA.

2.3 The Committee's focus areas will be:

2.3.1 Reporting & Disclosure, with specific emphasis on the global convergence of sustainability reporting standards and frameworks;

2.3.2 Assurance & Verification, with specific emphasis around non-financial sustainability information;

2.3.3 Integrated thinking, with specific reference to sustainability in terms of the International Integrated Reporting Framework and the Integrated Thinking Principles; and

2.3.4 Sustainability advocacy and thought leadership with identified key stakeholders, covering the areas of reporting, assurance and integrated thinking and any other key aspects considered non- or pre-financial information.

2.4 The Committee's main activities will include:

2.4.1 Advocacy: To identify, prepare or review, and sign-off on comment letters or submissions in response to relevant calls for comment from standard-setting bodies and/or regulators.

2.4.2 Thought leadership: To identify, and either undertake or oversee formal research on appropriate topics, which may include engaging with applicable stakeholders to achieve research objectives.

2.4.3 Guidance: To prepare, issue and publish guidelines, and other appropriate publication that assist members with the application of the relevant sustainability or integrated reporting frameworks or legislation.

2.4.4 Stakeholder Engagement.

3 AUTHORITY

3.1 The Committee is a prescribed committee of the Board from which it derives its authority and to which it regularly reports⁷ via SETCO.

3.2 The Committee has delegated authority from the Board in respect of the responsibilities and powers set out in these Terms of Reference.

3.3 The Committee shall continue to act and retain the powers assigned to it until its appointment is revoked by the Board.

3.4 In the event that any outputs may fundamentally affect the profession, the matter should be referred to the SETCO and SAICA Board for a recommendation.

⁶ See 9.2.6 of the SAICA By-laws.

⁷ See 9.5 of the SAICA By-laws.

4 MEMBERSHIP AND APPOINTMENT TO THE STC

4.1 Membership⁸

- 4.1.1 The Committee will comprise 13 full members with relevant experience and skills.
- 4.1.2 Membership of the STC is open to SAICA members and non SAICA members.
- 4.1.3 Members of the Committee shall be appointed by the Board on the recommendation of the NomGovCo.
- 4.1.4 Members can be co-opted onto the Committee (as determined by the Committee Chair) as the need arises to help fulfil the duties and obligations of the Committee.
- 4.1.5 Members may be removed from the Committee at any time by the Board.
- 4.1.6 Vacancies on the STC will be advertised at the discretion of the Secretariat. Nominations to the STC will be considered and approved by the current members, in consultation with the Secretariat, taking into account technical knowledge, relevant experience and qualifications, practice/industry area, and SAICA's overall commitment to transformation in the profession (taking cognisance of specific targets that by set from time to time). If consensus cannot be reached on the appointment or re-appointment of a member, the matter will be referred to the Executive Director, Standards for resolution.
- 4.1.7 Once the NomGovCo has approved the appointment of a new STC member, the Secretariat shall notify the new STC member of his or her appointment, provide them with an induction pack and an appointment acceptance letter.
- 4.1.8 Should the new STC member accept the appointment, such member shall attend the immediately succeeding STC meeting after the appointment acceptance letter has been signed.
- 4.1.9 Where the term of an STC member expires, the STC shall resolve prior to such date by majority vote whether such member's term shall be renewed.

4.2 Appointment of co-opted members

- 4.2.1 Should the STC require the short-term expertise or skills of a particular person, such person can be co-opted onto the STC.
- 4.2.2 Any STC member can propose the appointment of a co-opted member to the Chairperson at any STC meeting for consideration and discussion.

⁸ In terms of its Terms of Reference, the Nominations and Governance Committee shall annually review the composition of the Committee and more specifically:

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

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

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

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

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

- 4.2.3 The Chairperson shall, in consultation with the Secretariat, determine the appropriateness of the proposal or of the proposed member and any other matter that needs to be considered and if deemed appropriate, the Chairperson shall put the matter to a vote.
- 4.2.4 The co-opted member shall be appointed if there is a majority of votes cast by STC members in favour of the proposal.
- 4.2.5 The rights and responsibilities of co-opted members shall be limited to providing the support required to the Committee and will exclude voting privileges. Therefore, co-opted members shall not have all the rights and responsibilities as ordinary members of the STC.
- 4.2.6 The Secretariat shall inform both NomGovCo and SETCO of this short- term appointment. Once approval has been received from NomGovCo, the Secretariat shall notify the co-opted member of the appointment by providing an appointment letter that articulates the co- opted member's rights, responsibilities and duration of appointment.

4.3 Nominees and right of substitution

- 4.3.1 Members of the STC are appointed in their personal capacity and own merit and will not be allowed to appoint a substitute or nominate another person to perform such functions.

4.4 Remuneration

- 4.4.1 Members serve on a voluntary basis and no remuneration is paid, apart from expense claims related to the STC's activities.
- 4.4.2 Reimbursement of expenses shall be in accordance with SAICA policies as communicated from time to time to the STC.

4.5 Resignation

- 4.5.1 Any member of the STC, who wishes to tender his /her resignation, must do so in writing to the Chairperson and the Secretariat. Reasons for his/her wishing to resign from the Committee should be set out in the document.

4.6 Duration of appointments

- 4.6.1 Unless otherwise determined by the Board, the duration of appointments of members of the Committee shall be for a period of up to three years which may be extended by the Board for an additional three-year term.
- 4.6.2 Should more than 50% of members have to rotate off at the same date, 25% of the members will be granted an additional one year before rotation is required, subject to the members being available to continue membership.

4.7 Termination of appointment

- 4.7.1 The appointment of a STC Member shall automatically terminate at the end of the last STC meeting occurring in the term of the STC Member, unless elected for an additional term or provision is made for an interim rotation.
- 4.7.2 The termination of the appointment of any ordinary STC member, prior to the end of his or her term, except for conflicts of interest or ethical matters, may be proposed in writing at any time to the Chairperson by any other member of the STC or the Secretariat.

- 4.7.3 Such notice should contain the reasons why the proposed termination has been made and the notice shall be put on the agenda for discussion and voting at the next STC meeting.
- 4.7.4 The proposal shall be carried by a majority vote of members in attendance at the next STC meeting.
- 4.7.5 Termination of the appointment of a member of the STC prior to the end of his or her term shall be done by written notice by the Chairperson through the Secretariat within 30 days of the vote at the STC meeting.
- 4.7.6 In accordance with the NomGovCo requirements, STC members who fail to attend at least 75% of the meetings in a calendar year or fail to meet the agreed performance requirements as determined by the STC, without reasonable cause, may be removed from the STC.
- 4.7.7 The Chairperson will give the STC member an appropriate opportunity to provide reasons why reasonable cause existed for his or her failure and such reasons shall be duly considered.
- 4.7.8 Should the Chairperson, after consultation with the Deputy Chairperson and the Secretariat, conclude that the reasons provided were not reasonable cause, the member shall be informed by written notice of such termination.
- 4.7.9 Termination of the appointment of a STC member for matters of conflicts of interest or ethical matters can be done by the Chairperson after consultation with the Deputy Chairperson and the Secretariat.
- 4.7.10 Notwithstanding the term of any co-opted member, a co-opted members' appointments may be terminated at any time by the Chairperson in consultation with the Secretariat and STC.

4.8 Chairperson and deputy chairperson

- 4.8.1 One of the members of a committee, may be designated by the Board as Chairperson of the committee. Should the Board not so designate a member as chairperson or should the member so designated not be present or be unable to act at any particular meeting, the committee shall elect a chairperson⁹.
- 4.8.2 The Chairperson elected shall be the Chairperson for a period of three years.
- 4.8.3 The Committee may elect a Deputy Chairperson to support the Chairperson.
- 4.8.4 The Chairperson does not have a casting vote.
- 4.8.5 The terms of office of the Chairperson and Deputy Chairperson is three years, and he/ she may be re-appointed for one additional term.
- 4.8.6 The new Chairperson or Deputy Chairperson shall take office at the immediately succeeding meeting following their appointment, unless they have agreed otherwise with the outgoing Chairperson or Deputy Chairperson, subject to such agreement not being longer than the end of the outgoing Chairperson or Deputy Chairperson's term.
- 4.8.7 It is the responsibility of the Chairperson to facilitate the Committee's functions and responsibilities during meetings, and to assist the Secretariat as appropriate with Committee business between meetings.

⁹ In terms of the By-laws par 9.2.

4.9 Secretariat

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

4.10 Invitees

4.10.1 The STC shall not have permanent invitees such as observers or ex- officio members.

4.10.2 The Committee may invite any person it deems appropriate to attend any of its meetings. Individuals in attendance at Committee meetings by invitation may participate in discussions at the discretion of the Chairperson, but do not form part of the quorum for Committee meetings.

5 PROCEEDINGS OF MEETINGS

5.1 Meetings

5.1.1 The Committee shall meet at least 4 times a year and otherwise as required.

5.1.2 Meetings of the Committee shall be summoned by the Secretariat at the request of the Chairperson.

5.1.3 Unless otherwise agreed or waived by all members of the Committee, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be made available to each member of the Committee and any other person required to attend, no later than 10 (ten) business days before the date of the meeting. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time.

5.1.4 The Committee shall dispatch its business, adjourn and otherwise regulate its meetings as it shall deem fit, including, but not limited to conducting meetings by means of a tele/videoconference or similar facility and approving items of business by written resolution.

5.2 Minutes

5.2.1 The Committee's meetings shall be recorded and kept by the Secretariat or her/his nominee and such recordings shall be available for inspection at any reasonable time on prior reasonable notice by a Committee member.

5.2.2 Draft and final versions of the meeting minutes and/ or notes of key points of the Committee's meetings shall be sent to all members of the Committee for their comment and records, within 14 (fourteen) business days after such meetings.

5.3 Quorum

5.3.1 The quorum for meetings of the Committee shall be fifty percent (50%) plus one (1) of the full and members.

5.3.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5.4 Resolutions

5.4.1 The Committee shall reach decisions by a simple majority of those voting on the issue in question.

- 5.4.2 Subject to the provisions of the SAICA Constitution and applicable laws and regulations, a resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
- 5.4.3 No formal time limit exists for the completion of a pronouncement (such as a circular or a guide) but the STC will discontinue work on an issue if it has concluded that it will not be able to reach a consensus. In that case, it may recommend that the range of views be communicated to interested parties through some other means such as publication using one of SAICA's communication platforms.

5.5 Conflict of interest

- 5.5.1 In the case where a committee member becomes aware of any conflict of interest or any perceived conflict of interest, such a member is required to declare that interest. If any Committee member is uncertain on whether they have a conflict of interest, they should declare such uncertainty and the Committee members present at the meeting can vote on whether they believe there to be a conflict of interest. The declaration will be considered by the Committee and will also be recorded in the minutes of the relevant meeting at which the declaration was made. The meeting should be quorate, with the Committee member concerned not being counted. The Committee member concerned may not vote on any decisions made regarding the declaration.

5.6 Members of the Committee acting other than at a meeting

- 5.6.1 The Chairperson may decide at his/her discretion or on recommendation of the Secretariat, taking into account the nature of a particular matter and the time in-between formal meetings, that it may be expedient to address a matter via round-robin using electronic communication. If the matter concerned requires members to vote, such decision may be adopted by written consent of a majority of the members of the Committee, given in person or by electronic communication, provided that each member of the Committee has received notice of the matter to be decided.

5.7 Working groups/ Work streams

- 5.7.1 From time-to-time, it may be necessary to establish a working group or work stream to address any local or other agenda projects. These may include, but are not restricted to, providing comments on exposure drafts, bills or other request for comments, investigating the practicality of specific matters, setting of, and providing guidance to members on specific topics.
- 5.7.2 The Committee may establish the working group or work stream by either inviting specific specialists to participate or request the Secretariat to call for volunteers.
- 5.7.3 The size, composition and duration of the working groups/ work streams are at the sole discretion of the Committee.
- 5.7.4 A representative from the Committee will be appointed as the Chair of the working group/ work stream.
- 5.7.5 Committee members are not restricted in the number of working groups/ work streams that they may participate in.

6 EXPOSURE PROCESS

- 6.1 Exposure drafts will be issued to invite commentary on circulars, guides, FAQs, or any other proposed pronouncements.
- 6.2 An exposure draft on circulars, guides, FAQs, or any other proposed pronouncements is issued by the STC with a comment period of approximately, but not limited to, 60 days.

7 REPORTING

- 7.1 The Chairperson, with the assistance of the Secretariat, shall compile a report of the work of the Committee in discharging its responsibilities for submission to SETCO on a quarterly basis.

8 GOVERNANCE AND RESOURCES

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

9 TERMS OF REFERENCE

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

10 APPROVAL OF TERMS OF REFERENCE

- 10.1 These terms of reference were updated and approved by the Committee on July 2022.

GLOSSARY OF TERMS

Co-opted member	A person co-opted onto the committee with specific knowledge or skills, that might not necessarily be a SAICA member or associate for a limited period and with no voting rights.
Committee members	Members of the committee can include co-opted members, SAICA members and non-members where applicable.
Members and associates	Include all persons who pay a fee to SAICA for services and fall under the auspices of the SAICA Constitution. This includes persons with the designation CA(SA), AGA(SA) and AT(SA).
NomGovCo	The SAICA Nominations and Governance Committee which is a committee of the SAICA Board.
SETCO	The SAICA Social, Ethics and Transformation Committee which is a committee of the SAICA Board.
Sustainability	Refers to the integration of environmental health, social equity, economic vitality and technology in order to create thriving, healthy, diverse and resilient communities for this generation and generations to come. The practice of sustainability recognizes how these issues are interconnected and requires a systems approach and an acknowledgement of complexity.