



Global Compact
Network South Africa

GLOBAL COMPACT NETWORK SOUTH AFRICA NPC

CHARTER OF

ETHICS AND VALUES

for

MEMBERS OF THE BOARD OF DIRECTORS

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1. INTRODUCTION

The proper operation of democratic government requires that decision-makers be independent, impartial, and accountable to the people they serve. Because we seek public confidence in **Global Compact Network South Africa** (“GCNSA”) services and public trust of its decision-makers, our decisions and our work must meet the most demanding ethical standards and demonstrate the highest levels of achievements in following this charter.

2. PURPOSE

The purpose of this Board Charter is to provide the parameters within which the **GCNSA** Board will operate and to ensure the application of the principles of good corporate governance in all dealings of the Board.

This Board Charter sets out the specific responsibilities to be discharged by the directors collectively as a Board, as well as the roles and responsibilities incumbent upon directors as individuals. Although the Board Charter prescribes minimum acceptable standards, the Board in pursuit of the ideals underlying this charter, is committed to the spirit and principles of good governance.

The Board Charter is developed to ensure that GCNSA it is managed according to globally accepted principles of good governance for membership organizations and in alignment with the integrity standards of the UN Global Compact (UNGC).

3. GCNSA BOARD COMPOSITION

In line with the principles set out in the Global Compact Local Network Standards, the Board of Directors of GCNSA shall be set up as follows:

- a) GCNSA shall have a dedicated Board of Directors that provides oversight of the GCNSA Executive with respect to the strategy, activities, and finances of the GCNSA.

- b) All Directors on the GCNSA Board shall be elected or approved by the GCNSA General Assembly.
- c) At least 50% of Directors shall at any time represent member businesses or business associations or in other ways represent the business community (e.g. Independent Directors with significant experience in the private sector).
- d) An employee of a company that is:
 - (i) not a Global Compact Participant; or
 - (ii) a Global Compact Participant not in good standing (i.e. not holding an active status due to failure to submit an annual Communication on Progress or make the required financial contribution on time);

shall not be on the GCNSA Board. While the Board is largely composed of individuals representing participating companies and other organizations, the GCNSA can decide to allow for Independent Directors who are defined as individuals that do not represent a particular company or organization (e.g. government representative, specialised professional, etc.).

- e) One or more seats on the GCNSA Board may be reserved for specific types of entities (e.g. Hosting Organization, the national government, the UN Country Team or the GCO), but the individuals representing such organizations shall also be subject to election or approval by the GCNSA General Assembly.
- f) The Executive Director of GCNSA may join the GCNSA Board as an ex-officio member. If the Executive Director is a (ex-officio) member of the GCNSA Board, he or she shall recuse himself or herself from discussions and decisions that may create a conflict of interest, including with respect to the Executive Director's performance and remuneration. The Executive Director shall not have any voting rights during GCNSA Board meetings.
- g) The GCNSA Board shall at any time have representation from at least 1 (one) non-business organisation. In situations where this is not legally permitted or for any other reason not possible, GCNSA shall formalize other opportunities for non-business organisations to provide input to GCNSA decision-making.

4. RESPONSIBILITIES OF THE GCNSA BOARD OF DIRECTORS

Next to the GCNSA General Assembly, the GCNSA Board shall have the highest authority in relation to the governance of the GCNSA. Elected by the GCNSA General Assembly, the GCNSA Board shall be responsible for setting the goals, strategy, growth, finance, budget and values of GCNSA, as well as overseeing the work of the Executive Management.

The GCNSA Board upon majority vote shall have the power to appoint and dismiss the Executive Director.

The GCNSA Board shall have overall oversight over management of funds by GCNSA. The Board shall also ensure that GCNSA operates in full accordance with the Global Compact Local Networks Quality Standards. In particular, the Board is responsible for the following:

4.1. General Role of the Board

The Board must:

- 4.1.1. perform any powers, roles and responsibilities that are conferred on it by the Companies Act 71 of 2008 (“the Act”), Memorandum of Incorporation, King IV Report on Corporate Governance for South Africa, 2016 (King IV) and any other applicable legislation.
- 4.1.2. establish governance committees to perform any delegated duties and appoint persons, who are not members of the Board as members of such committees. The majority of the members of all Board Committees will be non-executive members of the Board. Although the Board is granted the authority to establish committees, such authority does not absolve the Board of accountability for any functions that are delegated, or assigned, to a committee.
- 4.1.3. establish formal and transparent arrangements for maintaining a relationship with external and internal auditors and ensure timely and accurate obligatory disclosures to stakeholders.

- 4.1.4. develop a clear definition of the levels of materiality or sensitivity in order to determine the scope and delegation of authority and ensure that it reserves specific powers and authority for itself. Delegation of authority must be in writing and revised regularly.
- 4.1.5. ensure that its arrangements for delegation within its own structures promote independent judgement, assist with the balance of power and the effective discharge of duties.
- 4.1.6. manage potential conflicts of interest of management, Board members and constituencies represented on the Board.
- 4.1.7. Subject to this Charter, the Board shall be responsible for ensuring that continuity and succession protocols are in place for the:
 - 4.1.7.1. Chairperson of the Board;
 - 4.1.7.2. Board members;
 - 4.1.7.3. Board Committee members;
 - 4.1.7.4. Executive Director;
 - 4.1.7.5. Executive management; and
 - 4.1.7.6. key posts (as determined by the Board, Executive Director and the Governance, Nominations, Social and Ethics Committee as well as the Remuneration and Human Resource Committee from time to time).
- 4.1.8. Board members carry full fiduciary responsibility and owe a duty of diligence, due care and skill to **GCNSA** in terms of the Act and common law principles.
- 4.1.9. The Board shall retain full and effective governance over **GCNSA**, directing, monitoring and overseeing the business, including:
 - 4.1.9.1. ensuring that strategic goals are established and that plans to achieve the strategic objectives are in place;
 - 4.1.9.2. approving policies to strengthen the performance of **GCNSA**;
 - 4.1.9.3. monitoring management's performance and implementation of Board plans and strategies;

- 4.1.9.4. appointing the Executive Director and setting the terms of her/his employment;
- 4.1.9.5. ensuring that **GCNSA** has appropriate risk management, internal controls and regulatory compliance policies and processes in place;
- 4.1.9.6. ensuring that an effective risk management framework is implemented;
- 4.1.9.7. ensuring that the financial statements are true and fair and contain proper disclosures that comply with the law and applicable accounting standards;
- 4.1.9.8. ensuring that **GCNSA** complies with all relevant laws, regulations and codes of business practice;
- 4.1.9.9. ensuring that **GCNSA** has a communication policy and communicates with stakeholders openly and promptly, with substance prevailing over form; and
- 4.1.9.10. ensuring that key information, technology and systems risk areas are identified and maintained and addressed in a way that supports the organisation in setting and achieving its strategic objectives.

4.2. Relationship Between the Board and Executive Management

- 4.2.1. The responsibility for the day-to-day management of **GCNSA** shall vest with management under the leadership of the Executive Director. The Board must provide executive management with strategic direction and support that assists in the achievement of **GCNSA**'s strategic objectives.
- 4.2.2. The Board must ensure that the Executive Director provides regular reports on the progress of **GCNSA**'s operations, organisational administration and financial management processes as well as the implementation of the governance and strategic plan.
- 4.2.3. The Board and its members must have unrestricted access to information, records, documents and facilities of **GCNSA**. Such access must be actioned via a structured process in order to limit interference with management.

4.2.4. Executive Board members must distinguish between their role as Board members and that of managers/employees. If they are conflicted in their various roles they must withdraw from the discussion and when voting.

4.3. Role of the Board in Financial Governance

4.3.1. In terms of financial governance and financial management the Board must ensure that the GCNSA has and maintains:

- 4.3.1.1. effective, efficient and transparent systems of financial management, risk management and internal control;
- 4.3.1.2. collection of all revenue due to **GCNSA**;
- 4.3.1.3. an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective;
- 4.3.1.4. a system of internal audit under the control and direction of the Finance, Audit, Risk and Compliance Committee;
- 4.3.1.5. manage available working capital efficiently and economically;
- 4.3.1.6. a system for properly evaluating all major capital projects prior to a final decision on the project;
- 4.3.1.7. prevention of unauthorised, irregular, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the Board; and
- 4.3.1.8. the Board must take effective and appropriate disciplinary steps, or any other corrective action, against the Executive Director, any Board member or Committee member of the Board who:
 - i. contravenes or fails to comply with the provisions set out in any **GCNSA** policy, or any law or regulations governing **GCNSA**;
 - ii. commits an act which undermines the financial management and internal control system of **GCNSA**; and
 - iii. makes or permits an unauthorised, irregular, fruitless and/or wasteful expenditure.

4.4. Responsibility of the Chairperson of the Board

4.4.1. The Chairperson of the Board is required to:

- 4.4.1.1. provide overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;
- 4.4.1.2. ensure that all Board members are fully involved and informed of any issue on which a decision has to be taken;
- 4.4.1.3. exercise independent judgement, act objectively and ensure that relevant matters are placed on the agenda and prioritised properly;
- 4.4.1.4. ensure that at all times all Board members fully understand the nature and extent of their responsibilities in order to ensure the effective governance of **GCNSA**;
- 4.4.1.5. arrange for new members appointed to the Board to be properly inducted and to make disclosures to the Board;
- 4.4.1.6. ensure collegial engagements amongst Board members; and
- 4.4.1.7. intervene decisively, including the removal of such director following due process in cases where Board members and Board Committee members behave unethically and/or in conflict with the provisions of the Act, the MOI and the Board Charter.

4.5. Responsibility of the Board towards the Executive Director

4.5.1. The Board must appoint the Executive Director and ensure that the Executive Director has the necessary knowledge, skill and experience to carry out their duties.

4.5.2. The Chairperson of the Board must formally evaluate the performance of the Executive Director annually, and ensure there is succession planning in place for the position.

4.6. Responsibility of the Executive Director towards the Board

4.6.1 In being responsible for the day-to-day management of **GCNSA**, the Executive Director is tasked with the following governance responsibilities:

4.6.1.1 Ensure that governance structures and mechanisms required for efficient functioning of the Board and **GCNSA** are in place, as required by South Africa's laws and in alignment with Local Networks Quality Standards.

4.6.1.2 Give efficient support to the chairperson of the board. Coordinate board meetings and support board sub-Committees as required.

4.6.1.3 Ensure alignment of UNGC & GCNSA Value Proposition for effective domesticated delivery on Sustainable Development Goals and the UNGC 10 Principles in South Africa.

4.6.1.4 manage, direct and implement operational, business and strategic plan, as well as oversee all administrative operations;

4.6.1.5 implement the policy decisions and directives of the Board;

4.6.1.6 uphold and adhere to this Charter and policies of **GCNSA**;

4.6.1.7 educate the Board regarding their unique and also overlapping roles and responsibilities with the staff;

4.6.1.8 regularly report to the Board about the performance of the organisation or any other matter;

4.6.1.9 advise the Board in a timely fashion of any developments that may affect **GCNSA's** well-being;

4.6.1.10 Build a stakeholder database segmented for targeted messaging, communication and advocacy. Seek and accept appropriate and available speaking and advocacy platforms to represent the GCNSA. Use social media strategically for a broader reach for the GCNSA and for reinforcing GCO messaging.

- 4.6.1.11. establish and maintain effective internal communications systems;
- 4.6.1.12. Minimise risk while ensuring cash flow for the secretariat;
- 4.6.1.13. build-up of required staff capacity and delivery of prioritised programmes.
- 4.6.1.14. Ensure alignment of the **GCNSA** chosen business model and adopt the necessary policies and procedures regarding membership categories.
- 4.6.1.15. prepare annual budgets with the assistance of the executive management team, staff, and Finance Committee;
- 4.6.1.16. maintain organisation records, files, documents and archives;
- 4.6.1.17. enter into contracts with suppliers on behalf of the organisations, as delegated by the Board;
- 4.6.1.18. Manage relations to ensure Global Compact participants maintains their good standing; foster relations with all key stakeholders including UN agencies; government agencies; media; civil society and Host Organisation;
- 4.6.1.19. Forge strategic partnerships with key organizations, including the host organisation, ensuring full ethical compliance in all matters affecting the relationship between **GCNSA** and the host. Where required, develop specific MOUs to guide programme partnerships; and
- 4.6.1.20. Ensure that **GCNSA** is fully aligned with the Local Network Business Model and adopts the necessary policies and procedures to be able to collaborate with the Foundation for the Global Compact on collecting and sharing financial contributions from Participants.

4.7. Responsibility of the Board towards the Company Secretary

- 4.7.1.1. The Board will appoint the Company Secretary who is tasked with providing professional corporate governance services, advice and support to the Board.
- 4.7.1.2. The Board must ensure that the Company Secretary's role is empowered and that the position carries the relevant authority.
- 4.7.1.3. The Company Secretary must not be a member of the Board.

- 4.7.1.4. The Board must ensure that the Company Secretary has the appropriate knowledge, skill, experience and objectivity to provide independent guidance and support to the Board.

4.7.2. Responsibilities of the Company Secretary in relation to the Board

- 4.7.2.1 The Company Secretary must have unrestricted access to the Board of **GCNSA**, while maintaining an arms-length relationship with the Board and individual Board members.

- 4.7.2.2 The Company Secretary reports to the Board Chairperson in relation to all duties and functions performed in connection with Board governance matters. In addition, the Company Secretary should report to the Executive Director in relation to all other duties and administrative matters of **GCNSA**.

- 4.7.2.3 The performance of the Company Secretary should be evaluated at least annually by the Board.

4.8 Commitment of the Board to Ethical Leadership

- 4.8.1. Members of the Board are expected to act honestly and in good faith, and in particular should:
 - 4.8.1.1. Act within their powers, and in the interests and for the benefit of **GCNSA**.

- 4.8.1.2. Adhere to best practice in respect of the governance of the organisation.
- 4.8.1.3. Ensure compliance with all legislative, statutory and other governance requirements and with all approved **GCNSA** policies.
- 4.8.1.4. Carry out their duties with the skill and care to be expected from a person of their knowledge and experience, and exercise their own judgement.
- 4.8.1.5. Not permit wastage of the assets and resources of **GCNSA**.
- 4.8.1.6. Report accurately to the stakeholders on the performance and prospects of **GCNSA**, and justify the confidence placed in them.
- 4.8.1.7. Furnish the external auditors with all information and explanations, which they require for the performance of their functions.
- 4.8.1.8. Not carry on the affairs of **GCNSA** negligently or recklessly.
- 4.8.1.9. Not misuse their position within the **GCNSA** structures to acquire for their own benefit, any economic opportunity. Not divulge confidential information of **GCNSA** or otherwise make improper use of such information.
- 4.8.1.10. Not accept bribes or any other corrupt or unconscionable benefits.
- 4.8.1.11. Not accepts any gifts or favours, without prior permission of the Board.
- 4.8.1.12. Report to the other members of the Board any approach made by an employee, which may compromise them in the execution of their duties.
- 4.8.1.13. Always act according to sound meeting principals, in that showing respect to the Chairperson, direct discussions through the Chairperson and to respect the speaker that has the floor and visa-versa.

- 4.8.1.14. Following due process, a Director's tenure will be terminated should a member be found to have acted in an unethical and illegal manner

5. BOARD COMMITTEES

- 5.1. The Board may form such committees or advisory forums as may be necessary to facilitate efficient decision-making and to assist the Board in the execution of its duties.
- 5.2. Each committee of the Board shall be constituted with formal Terms of Reference which shall determine *inter alia*, the membership, purpose, powers and authority of the committee, the scope of its mandate and its relationship to the Board.
- 5.3. As general principles:
 - 5.8.1. 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;
 - 5.8.2. Board committees shall be entitled to only act on behalf of the Board when specifically so authorised;
 - 5.8.3. There shall be transparency and full disclosure from the Board committees to the Board, except where the committee has been mandated otherwise by the Board.
- 5.4. The delegation of the Board's authority in certain defined areas to committees constituted in terms of this clause will absolve neither the Board, nor its members, from their respective accountability.
- 5.5. The Board will conduct an annual review of the performance, adequacy, efficiency and effectiveness of Committee structures, number and nature of Committees, membership composition and Terms of Reference. Every second year, this review will be conducted by an independent external professional or entity.
- 5.6. Each Board Committee should have a minimum of three (3) members.

- 5.7. Board Committees and members are authorised to obtain independent outside professional advice, as and when considered necessary. The Executive Director will assist the Board Committees and members in obtaining any such professional advice.
 - 5.8. The Board can impose regulations by which its Committees operate and can also revoke any delegation of authority, whether to a Committee or an individual, at any time by recording its decision in the Board minutes.
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6. DELEGATION

- 6.1. The Board sets the delegation of authority framework. In the event that the Board decides not to delegate any of its roles and responsibilities, the Board will ensure that it fulfils those functions.
- 6.2. The delegation of authority to Board Committees is based on the principle that no Committee can take Board resolutions. All decisions are subject to Board approval after a Committee has put forward its recommendations to the Board. Committees of the Board may take functional decisions in terms of the delegation of authority and subject to the discretion of the Board. The Board will be kept apprised of all Committee decisions in writing and via a presentation made by the Committee Chairperson.
- 6.3. Any delegation of authority given to an individual member or members of the Board should be recorded in writing and approved by the Board. The record should set out the nature and extent of the roles and responsibilities delegated, decision making authority, the duration of the delegation, and the reporting responsibilities of the party(s) to whom authority is delegated.
- 6.4. The Committees are allocated their delegation of authority by means of the Board's approval of their formal Terms of Reference, which will be reviewed annually by the Board and revised as necessary.
- 6.5. Any delegation by the Board of its responsibilities to a Committee or a member of the Board will not by or of itself constitute a discharge of the Board's accountability. The

Board should apply its collective mind to the information, opinion, recommendations, reports and statements presented by the Committee or the member.

7. TRANSPARENCY, DISCLOSURE & REPORTING

7.1. The Board must ensure that the Annual Financial Statements and Annual Report must:

7.1.1. be in conformity with generally accepted accounting practice;

7.1.2. fairly present the state of affairs and functions of the Board and the results thereof;

7.1.3. objectively present its performance against predetermined objectives; and

7.1.4. refer to any material matters which have affected or are likely to affect the affairs of **GCNSA**.

7.2. All external reports issued by **GCNSA** must be approved by the Board who must remain accessible to stakeholders about the content.

8. CONFLICT OF INTEREST

8.1. The GCNSA Board shall maintain a conflict register of any conflicts of interest from Directors, the Executive Director of GCNSA and staff of the GCNSA Secretariat, and seek guidance from GCO where conflicts of interest risk undermining the interests or brand of the GCNSA or the broader UNGC.

8.2. A member of the **GCNSA** Board must, before she or he assumes office as and when circumstances change and yearly thereafter, declare any business, commercial or financial activities undertaken for financial gain that may raise a conflict or a possible conflict of interest with the Company. In addition, conflicts of interest relating to a person must be disclosed. A related person is one with whom the member is:

8.2.1. related through marriage, or live together in a relationship similar to a marriage;

- 8.2.2. are separated by no more than two degrees of natural or adopted consanguinity or affinity; and
 - 8.2.3. may not place herself or himself under any financial or other obligation to any individual or organisation that might seek to influence the performance.
- 8.3. A conflict of interests creates potential for doubt to arise about a member of the Board's integrity in conducting her/his duties, and the integrity of the Board as a whole. This means that the appearance of a conflict of interests can be as serious as an actual conflict of interest. If a member of the Board appears to have behaved unethically, this poses threats to **GCNSA's** public image.
- 8.4. A member of the Board or any other representative of **GCNSA** must not use her/his official position or any information, obtained while acting as a member, to secure undue personal advantage or undue advantage for another person. Such a Board member or other representative who has an indirect interest through a related party, or a direct personal financial interest in a matter serving before or relating to the affairs of the Board must make a full written disclosure of such interest.
- 8.5. It is incumbent on each member of the Board, or any member of any Committee of the Board, or a person involved in any other governance structure or transaction that might pose a conflict of interest and/or impact on the independence and objectivity of the member, to:
 - 8.5.1. prior to a meeting make a declaration of their interest;
 - 8.5.2. refrain from taking part in the consideration of the matter, except as necessary to clarify the details of the matter and to enable the Board or any of its governance structures to consider and make a decision; and
 - 8.5.3. not participate in any decision-making process, at or after the meeting, or in the approval of any correspondence in relation to the conflict or represent the Company in any matter relating to the conflict of interest.
- 8.6. No person may bid for contracts relating to goods, services, consulting support or any other remunerative support to **GCNSA** or be a related party to any person or entity providing such goods, services or consulting support.

- 8.7. Where a member of the Board acquires a personal financial interest in an agreement or other matter in which the Board is or may be affected, or knows that their related party has acquired a personal and/or financial interest in such a matter, the member must promptly and fully disclose to the Board the nature and extent of that interest, and the full circumstances relating to the member's or related party's acquisition of that interest.
- 8.8. Board members may not use or release confidential information in contravention of any policy or any law applicable to the Board. Members are legally and ethically bound by confidentiality obligations not to disclose proprietary information.
- 8.9. No gratuity, gifts or other business courtesy arising from the duties of a member of the Board should be accepted by a Board member from any party, with the exception of the appropriate remuneration from **GCNSA** for the respective Board member's duties.
- 8.10. A Board member found to have been in breach of the Companies Act, the MOI, this Charter, other Company Rules and any law will face appropriate corrective action.
- 8.11. The Board will ensure that there is an appropriate reporting channel available to all employees, Board and Board Committee members as well as other stakeholders to make protected disclosures in line with the provisions of the MOI.
- 8.12. In the event of ethical dilemmas, dispute, misconduct, allegation or a violation of any law or policy being received in relation to any Board or Board Committee member, the Board will promptly initiate an investigation into the matter. This may include the appointment of an independent external governance specialist to investigate the matter and provide recommendations for the resolution of the ethical dilemma, dispute or misconduct. Questionable or irregular conduct on the part of management and staff will be addressed by the Executive Director in line with the disciplinary code and procedures.

9. APPROVAL OF THIS CHARTER

This Charter was approved by the Board on _____ 2022.

Date:

Chairman of the Board