



The Insurance Institute of South Africa

Governance Structure Framework

October 2020

Contents

1. Introduction	3
2. Purpose	3
3. Primary legislation and governance best practice	3
4. Applicability.....	3
5. Governance principles	4
6. Purpose and Service offering	5
7. Governance structure	5
8. Members of the IISA	6
9. Board of Directors	6
9.1 Board composition	6
9.2 Role of the Board.....	7
9.3 Authority of the Board.....	7
9.4 Decision-making	8
10. Board Committees.....	8
10.1 Audit, Risk, Investment & Governance Committee.....	9
10.2 Remuneration, Nominations & Human Resources Committee.....	9
10.3 Social & Ethics Committee.....	10
10.4 Professional Standards Committee	10
11. President of the Board	10
12. Executive and Senior Management.....	11
13. Company Secretary	11
14. Duties of Directors, Executives and Prescribed Officers.....	11
15. Independence and Conflict of Interest.....	12
16. Induction and Continuing Professional Development	13
17. Evaluation.....	13
18. Legislation and Key Policies	13
19. Non-compliance	14
20. Approval and Review	14
21. Glossary of Terms.....	14

1. Introduction

Governance is defined as the “*system by which entities are directed and controlled*” and it underpins ethical and effective leadership by outlining the structure and processes for decision-making, accountability, transparency, including the control and behaviour of an organisation’s leadership.

As a membership organisation, it is important that the Insurance Institute of South Africa (hereinafter referred to as the ‘IISA’ or ‘the Institute’) exercises good governance to achieve the following outcomes:

- strengthening stakeholder confidence;
- embedding a high-performance culture; and
- driving a sustainable business.

2. Purpose

The purpose of the Governance Structure Framework (‘the Framework’) is to provide an overview of the manner in which the IISA exercises prudent management and oversight of the business of the Institute.

The Framework must be read in conjunction with the IISA Memorandum of Incorporation (‘MOI’), the IISA Board of Directors (‘Board’) Charter, Board Committee Charters and the Code of Ethics and Professional Responsibility. This Framework outlines the overarching governance structure, principles and key policies of the IISA.

3. Primary legislation and governance best practice

The IISA has been established as a Non-Profit Company. The following primary legislation and governance best practice guidelines were considered when drafting this Framework:

- a) Companies Act No. 71 of 2008 (‘the Act’);
- b) Financial Advisory and Intermediary Services Act no. 31 of 2002 (‘FAIS’); and
- c) The King Report on Corporate Governance for South African 2016 (‘King IV™’).

4. Applicability

The Framework applies to all Board Members, including Executives and Prescribed Officers of the IISA.

5. Governance principles

The following principles underpin the IISA's approach to good governance:

Principle	Description
Accountability	To promote the obligation to answer to those stakeholders who are affected by the IISA's decisions and actions
Competence	To promote a culture of continuous learning where Board Members and employees act with due care, skill and diligence in performing their duties
Compliance	To promote adherence to applicable laws, rules and governance codes and standards with a view to being a good corporate citizen
Continuous improvement	To promote an ongoing process to achieve incremental or breakthrough improvements in the manner in which the IISA strives to achieve its strategic objectives and meet stakeholder expectations
Delegation	To promote the assignment of authority to other Board Members, Board Committees, officers or employees of the IISA in a manner which achieves independent judgement and a balance of power
Evaluation	To promote the critical review of performance (including self-appraisals) with a view to achieving continuous and sustainable efficiencies and being effective on an individual and on a collective basis
Ethical culture	To embed a culture of honesty, integrity and fairness in all decision-making by the IISA Board and Committee Members, IISA officers and employees to promote good stewardship and build trust with all stakeholders
Fairness	To promote equitable, reasonable and impartial treatment of resources and stakeholders of the IISA
Integrity	To uphold a culture of honesty and strong moral principles
Independence	To promote objective, unbiased and unfettered judgement in decision-making
Responsibility	To promote a culture of honouring the IISA's commitments and accepting the consequences of decision-making and actions, while at the same time promoting the courage to take risks and

Principle	Description
	leverage opportunities in the best interests of the IISA
Stakeholder-inclusivity	To promote a culture of consultation and participation which enables the IISA to understand and take into account the legitimate and reasonable needs and expectations of its stakeholders in setting the IISA's strategic direction and in establishing its underlying policies and plans to create value for these stakeholders over time
Transparency	To promote appropriate, timeous and meaningful disclosure of motivations and outcomes of decision-making and actions of the IISA

6. Purpose and Service offering

The IISA's service offering is to accredit insurance professionals and provide programmes for skills development in the insurance industry. The service offering is underpinned by the IISA's purpose which is : To elevate the credibility of the insurance profession.

7. Governance structure

The IISA has established the governance structure as illustrated in the organogram below:

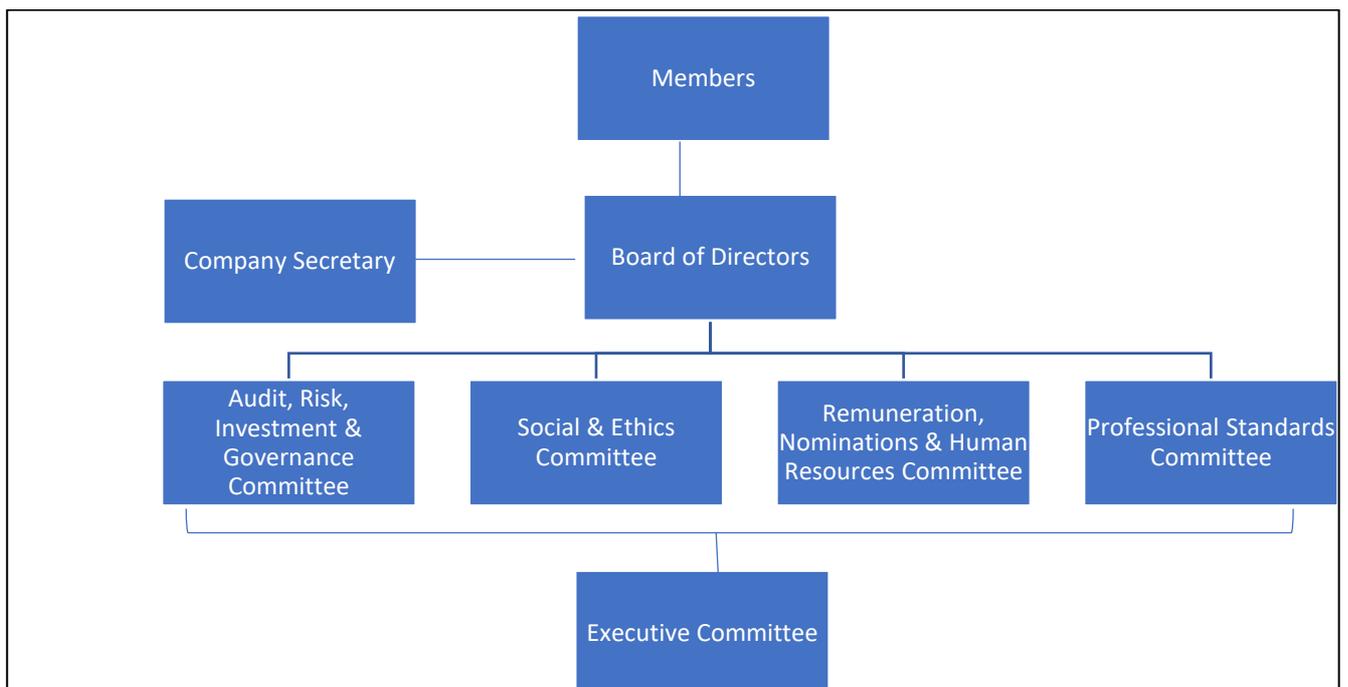


Figure 1: Governance structure of the IISA

The governance structure will be regularly reviewed by the Board to ensure that it remains appropriate for achieving the objectives of the business, given that the IISA operates in an evolving business environment.

8. Members of the IISA

Members of the IISA are individuals who have satisfied the requirements for membership in terms of the relevant membership regulations prescribed and approved by the Board from time to time.

Members include voting and non-voting members as determined by the membership regulations from time to time and whose details are entered as such in the Members' Register of the IISA. Matters reserved for the approval of Voting Members are set out in the MOI and the Board Charter.

9. Board of Directors

9.1 Board composition

The composition of the Board is governed by the MOI and shall comprise

- 9.1.1 a minimum of four (4) Non-Executive Directors and a maximum of twelve (12) Directors, which shall include:
 - 9.1.1.1 minimum of three (3) independent Non-Executive Directors; and
 - 9.1.1.2 a majority of Non-Executive Directors.
- 9.1.2 Only individuals who have the requisite knowledge and skills required for the purpose of achieving the objectives of the Company, including in the field of governance, will be eligible to serve as Director.
- 9.1.3 At least two (2) Non-Executive Director shall have a minimum of five (5) years of experience in the insurance industry and shall be registered as a Professional Member in good standing with the Company.
- 9.1.4 At least one (1) Non-Executive Director shall be nominated from the list of Corporate Partners in good standing with the institute.
- 9.1.5 At least one (1) Non-Executive Director shall represent the Financial Intermediaries Association through the Chairperson of the said institution or its Board representative.
- 9.1.6 At least one (1) Non-Executive Director shall represent the South African Insurance Association through its Chairperson or its Board representative.

More information on the criteria for appointment and disqualification of Directors is included in the MOI.

Save for the Executive Directors, the Directors shall retire every three (3) years by rotation, but a retiring Director shall be eligible for nomination and re-election; provided a Director shall not serve for more than three (3) consecutive terms of three (3) years each.

9.2 Role of the Board

The Board retains full and effective control of the IISA and is ultimately accountable for the performance of the Institute.

The Board's primary role is to:

- 9.2.1 lead by example and to live the governance principles approved by the IISA;
- 9.2.2 review and guide corporate strategy;
- 9.2.3 approve policy and planning which gives effect to the strategy;
- 9.2.4 understand and oversee risk management within the IISA;
- 9.2.5 oversee the achievement of performance objectives in line with the IISA's strategy;
- 9.2.6 monitor compliance with legislation, standards, rules and policies to ensure that the IISA maintains its standing as a good corporate citizen; and
- 9.2.7 oversee that appropriate and legitimate disclosures and reports are provided to stakeholders to enable them to hold the Board accountable and to enable them to make informed decisions about the IISA's ability to create value over time.

More information on the role of the Board in the MOI.

In discharging its responsibilities, the Board is supported by Executive and Senior Management, together with the various Board Committees and other governance structures.

The functions, composition, minute-taking, meeting proceedings, quorum requirements and frequency of meetings of the Board are more fully set out in the Board Charter which is approved by the Board.

9.3 Authority of the Board

The authority of the Board to exercise all powers and perform any of the functions necessary to manage and direct the business and affairs of the IISA are not limited except to the extent that the Act or the MOI provide otherwise.

The Board may delegate any of its powers or functions to any Director, employee(s) and or to a Committee of the Board or the IISA. The delegation shall be exercised lawfully within the prescribed powers and authorisation levels and in terms of the IISA's policies, directives, and procedures.

The delegation:

- 9.3.1 may be made on and subject to any conditions determined by the Board of Directors; and
- 9.3.2 may not be sub-delegated.

Notwithstanding any delegation to any Director, employee(s) and or Committee of the Board, the Board remains accountable for the achievement of the objectives of the IISA and for the execution of its responsibilities and duties.

9.4 Decision-making

Decision-making by the Board is determined by consensus. Where consensus on a matter before the Board cannot be achieved, the matter will be decided by majority vote. Each Board Member has one (1) vote. In situations where a majority is not clearly discernable, the President will have a casting vote on the matter in question.

10. Board Committees

The following Committees have been established by the Board to assist it in fulfilling its responsibilities:

- Audit, Risk, Investment & Governance Committee;
- Remuneration, Nominations & Human Resources Committee;
- Social & Ethics Committee; and
- Professional Standards Committee.

The Committees comprise a majority of Non-Executive Directors and are each chaired by independent Non-Executive Directors. Where necessary, the Committees may co-opt members to provide specialised knowledge and skills or additional capacity for the Committee in question. Committee Members who are not Members of the Board are not permitted to vote on matters decided by the Committee.

The Committees have delegated responsibility to assist in specific matters and report directly to the Board. The delegated responsibility and the powers, limits and authorities attached to Board Committees are approved by the Board, and such powers, limits and authorities are limited as determined by the Board from time to time.

Unless specifically delegated by the Board or the Act, a Committee has no decision-making powers and can only make recommendations to the Board.

On all other matters delegated to Committees, Committee shall make decision and share all decisions made with the Board. In communicating the decisions taken at the Committee meeting, detailed background and agreed decisions shall be provided to the Board by the Chairperson of each Committee. Where the decisions relate to governance documents, all approved documents would be made accessible to the Board through an electronic platform.

Each Committee has its own Committee Charter which sets forth its purpose, composition and duties. The Committee Charters are approved by the Board and supported by annual workplans which help ensure that the Committees fulfill their statutory and delegated functions.

Board Committees may establish Sub-Committees and other *ad hoc* committees as required from time to time to enable them to perform their roles and responsibilities. The Board shall approve the composition and terms of reference of such Sub-Committees.

The Committee Chairpersons provide feedback to the Board following each Committee meeting.

The high-level functions of each of the Committees is outlined below, however, more detailed information is available in the respective Committee Charters:

10.1 Audit, Risk, Investment & Governance Committee

The Audit, Risk, Investment & Governance Committee is an independent statutory Committee appointed by the Members of the IISA. The Committee's functions include *inter alia*:

- 10.1.1 recommending approval of the IISA financial results;
- 10.1.2 reviewing the IISA Integrated Annual Report;
- 10.1.3 overseeing the internal audit function and approving the risk-based internal audit plan;
- 10.1.4 overseeing the implementation of a combined assurance model to enable an effective control environment, and to support the integrity of information for internal decision-making as well as for external reporting;
- 10.1.5 overseeing the implementation of effective and efficient internal controls;
- 10.1.6 reviewing the IISA's risk management systems and making recommendations regarding the Institute's risk appetite and tolerance levels;
- 10.1.7 reviewing and making recommendations in regard to the IISA's investment strategy; and
- 10.1.8 nominating the external auditors for appointment.

The Committee discharges its responsibilities with the support of the Chief Executive Officer ('CEO') and financial management staff together with the outsourced internal and external audit function.

10.2 Remuneration, Nominations & Human Resources Committee

The Remuneration, Nominations & Human Resources Committee is appointed by the Board and is responsible for:

- 10.2.1 overseeing the IISA's human capital management requirements necessary to achieve the Institute's strategic objectives;
- 10.2.2 overseeing the implementation of fair and equitable remuneration policies as well as staff development and advancement within the IISA; and

10.2.3 assisting the Board in identifying, evaluating and nominating suitable candidate Directors to serve on the Board of Directors.

10.3 Social & Ethics Committee

The Social & Ethics Committee is a statutory committee appointed by the Board and mandated to fulfil the following monitoring and evaluation functions:

10.3.1 embedding a corporate culture which supports the protection of human rights and a fair and equitable workplace free from discrimination;

10.3.2 transformation, focusing on Black Economic Empowerment and Employment Equity;

10.3.3 compliance with the relevant social, ethical and relevant legal requirements of the IISA as well as best practice codes, including compliance with the United Nations Compact Principles;

10.3.4 working against corruption in all its forms, including extortion and bribery; and

10.3.5 environmental sustainability and corporate social investment.

10.4 Professional Standards Committee

The Professional Standards Committee is appointed by the Board to assist in overseeing the IISA's professional standards and ethics and matters relating to:

10.4.1 the determination and implementation of professional standards and ethics applicable to IISA members;

10.4.2 the determination of disciplinary structures, procedures and sanctions applicable in respect of breaches of the IISA Member Code of Professional Conduct and for evaluating the misconduct of the IISA members;

10.4.2.1 admission, rights, and obligations of the IISA members;

10.4.2.2 consideration of questions regarding the IISA members' conduct generally;
and

10.4.2.3 liaison and interaction with other professional bodies with similar objectives.

11. President of the Board

The role of chairperson of the Board is fulfilled by the President of the IISA who is elected by way of majority vote of the Board. The Board may also elect a Deputy-President to assist the President in fulfilling his/her responsibilities.

The President is an independent Director who leads the Board and Member meetings and is responsible for the management, development and effective functioning of the Board. The President may also serve as a member of Board Committees and may attend and participate at Committee meetings.

The President has the authority to engage, at the expense of the IISA, independent advisors. Tenure

of the President is the same as that of a Board Member, with a periodic review to plan for orderly succession.

The President works closely with the CEO on key strategic matters and:

- a) advises the CEO on major issues and acts as a liaison between the Board and Executive Management;
- b) participates in the orientation of new Directors and the continuing development of current Directors;
- c) oversees the regular review of the performance of the Board, its Committees and individual Board Members and oversees plans for Board succession and recruitment processes;
- d) interacts with Directors and Executive Management throughout the year; and
- e) meets with Members, regulators and stakeholders on behalf of the Board and acts as spokesperson for the IISA.

12. Executive and Senior Management

The CEO is appointed by the Board in accordance with the provisions of the MOI. Executive and senior management, led by the CEO, have the responsibility for the day-to-day management of the IISA. The Executive Team ('EXCO') is the custodian of the IISA strategy as approved by the Board and is responsible for the execution of this strategy.

The EXCO provides the Board with sound and relevant information, advice and recommendations on the organisational structure, objectives, plans and policies of the IISA so as to enable the Board to make informed decisions.

13. Company Secretary

The Company Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as the Board may deem fit.

The Company Secretary must have the requisite knowledge of, or experience in, relevant laws and be a permanent resident of the Republic of South Africa; and remain so while serving in this capacity.

14. Duties of Directors, Executives and Prescribed Officers

Directors, Executives and Prescribed Officers shall adhere to the IISA's Code of Ethics and Professional Responsibility as well the governance principles as set out in this Framework.

Prescribed Officers are those individuals within the IISA who exercise and participate in the general executive control over the management of the whole or a significant portion of the business and activities of the Institute, or participate to a material degree in the exercise of general control over the management of the whole or a significant portion of the business and its activities.

In accordance with the standards of Director conduct as contemplated in Section 76 of the Act, Directors, Executives and Prescribed Officers are required to exercise their powers and functions such that they act:

- a) in good faith and for proper purpose;
- b) in the best interests of the IISA; and
- c) with the degree of care, skill and diligence that may reasonably be expected of an individual:
 - carrying out the same functions in relation to the IISA as those carried out by that Director, Executive or Prescribed Officer; and
 - having the general knowledge, skill and experience of that Director, Executive or Prescribed Officer.

15. Independence and Conflict of Interest

A Director is considered to be independent if he/she:

- 14.1 has not been employed by the IISA in an executive capacity for the previous 3 (three) financial years;
- 14.2 is not a member of the immediate family of an individual who has in any of the previous 3 (three) financial years, been employed by the IISA in an executive capacity;
- 14.3 is not a professional advisor to the IISA other than in a Director capacity;
- 14.4 is free from any business or other relationship which could be seen to materially interfere with an individual's capacity to act in an independent manner;
- 14.5 is not a significant supplier or client of the IISA; and
- 14.6 has no significant contractual relationship with the IISA.

Notwithstanding the above independence criteria, Directors, Executives and Prescribed Officers are expected to apply objective and unfettered judgement in all matters pertaining to the IISA. Furthermore, it is important to ensure that no relationship, interest, position or association when judged from the perspective of an informed third party, is or is seen to impair or cause bias in decision-making by the Director, Executive or Prescribed Officer concerned.

Directors, Executives and Prescribed Officers are required to disclose any actual or potential conflicts of interest between their interests and those of the IISA. Conflicts of interest apply to financial, economic and other interests in any opportunity from which the IISA may benefit, as well as the use of the property of the IISA including its information. It also applies to the Directors, Executives and Prescribed Officers' related parties holding such interest.

Directors, Executives and Prescribed Officers will be required to recuse themselves from decision-making processes where a conflict of interest is deemed to exist. Failure to declare a conflict of interest may result in the contravention of the Act as well removal from office. A persistent conflict

of interest may also result in termination of office.

16. Induction and Continuing Professional Development

An induction programme aimed at an understanding of the IISA's business and external and internal environment within which the IISA operates as well as the risks and opportunities facing the IISA, shall be conducted for all newly appointed Directors.

A programme of Continuous Professional Development ('CPD') and regular briefings on legal and corporate governance developments, and risks and changes in the external environment of the IISA shall be provided to Board Members.

17. Evaluation

The Board shall ensure that there is an annual evaluation of its own performance and that of its Committees, its President, and its individual Board Members. The objective of such an evaluation shall be to support a process of continued improvement in the overall performance and effectiveness of the Board and its Board Committees (and therefore the Institute).

18. Legislation and Key Policies

The IISA will comply with all applicable legislation. The IISA furthermore acknowledges the principles contained in leading governance publications and codes and will, where applicable, either apply the principles of such publications and codes or be able to explain its non-compliance to these principles.

The IISA is committed to being a socially responsible corporate citizen and aims to create a sustainable business with regards to its integrated performance and its ethical, economic, social and environmental impacts on its stakeholders.

In support of the above commitments, the IISA has approved and regularly reviews the implementation of the following key policies and frameworks:

- a) Member Code of Professional Conduct;
- b) Enterprise Risk Management Policy;
- c) Delegation of Authority;
- d) Human Resource Management Policies;
- e) Investment Policy;
- f) Anti Fraud Policy;
- g) Business Continuity Policy;
- h) Information and Communication Technology Policy;
- i) Corporate Communication Policy;
- j) Corporate Social Investment Policy;

- k) Continuing Professional Development Policy;
- l) Member Disciplinary Policy.

In addition, the IISA maintains a regulatory risk register which is subject to regular review by the Board as part of its risk management and oversight responsibilities.

19. Non-compliance

Non-compliance with any of IISA policies, standards, procedures, or the like, could result in disciplinary action and possible dismissal or removal from office.

20. Approval and Review

The Framework and amendments thereto will be approved by the Board. This Framework shall be reviewed annually by the Board to ensure that it remains relevant to the business objectives of the IISA.

21. Glossary of Terms

Term	Meaning
ACT	The Companies Act, Act No 71 of 2008
BOARD	Insurance Institute of South Africa NPC Board of Directors
COMMITTEE	A Committee of the Board
CEO	Chief Executive Officer of the IISA
COMPANY, INSTITUTE, IISA	Insurance Institute of South Africa NPC, a non-profit company established in terms of the Companies Act, Act No. 71 of 2008
CPD	Continuous Professional Development
EXECUTIVES	Senior management of the IISA whose designation is that of Executive
IISA MEMBER	A Person who has satisfied the requirements for membership in terms of the MOI and other membership regulations as prescribed and approved by the Board, and who has been admitted to membership of the Company and shall include voting

Term	Meaning
	and non-voting members whose details are entered as such in the Members' Register of the Company;
INDEPENDENT	Means the exercise of objective, unfettered judgement and the absence of an interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party is likely to influence unduly or cause bias in decision-making. Independent Board/Committee Members also have an absence of direct or indirect conflict of interest between their interests and those of the IISA. Such conflict of interest applies to financial, economic and other interests in any opportunity from which the IISA may benefit, as well as the use of property of the IISA, including information. This also applies to Board/Committee Member's related parties holding such interest.
KING IV™	King Report on Corporate Governance for South Africa 2016
MOI	The approved Memorandum of Incorporation as amended from time to time.
NON-EXECUTIVE DIRECTORS	Directors who not involved in the management of the Company
PRESIDENT	President of the Board of Directors of who shall serve as the Chairman of the IISA
PRESCRIBED OFFICERS	Means a person who, despite not being a director of the IISA, (a) exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the Company; or (b) regularly participates to a material degree in the exercise of general executive control over and management of the whole, or a significant portion, of the business and activities of the IISA