

Terms of Reference

CORPORATE GOVERNANCE ADVISORY COMMITTEE (CGAC)

Role and Purpose

The Corporate Governance Advisory Committee is constituted by the Board in terms of a Resolution passed by the members at an Annual General Meeting, and shall function as an independent entity to assist and guide the Board of Directors of the Silver Lakes Homeowners Association in complying with South African Law and applying the principles set out in the King III code of Corporate Governance.

Scope and Responsibilities

It shall be responsible for evaluating the decisions and actions of the Board and Management, in fulfilling their fiduciary duty to act in good faith, for a proper purpose, and in the interest of the members and employees of the Silver Lakes Homeowners Association.

It shall therefore also deal with any complaints regarding any Director's non-compliance with corporate governance principles.

The principles enunciated by the King Commission, namely

Responsibility,
Accountability,
Fairness,
Transparency, and
Sustainability

will be the main criteria to be applied in making recommendations to the Board of Directors.

When making recommendations, the committee is required to focus on principles and processes and avoid expressing judgements on the merits of such issues.

It must provide the assistance and guidance required to ensure that the King III principles are applied where applicable in decisions and actions of the SLHOA Board of Directors and Management, inter alia in the following disciplines:

- The management of Finances, (including Procurement and Asset Management)
- The application of the Management System and Business Controls, (including those involving Security, the Environment and Human Resources).

Where appropriate it should identify and propose to the Board of Directors, "added value" opportunities which would be to the benefit of the HOA.

Composition and Structure

Membership of the Committee is open to all volunteer members of the HOA or their legally appointed representatives.

The Committee shall determine its own membership from these volunteer members, if not by consensus, then by simple majority vote. Membership shall be a maximum of 9 members and a minimum of 5 members at any time, and a quorum shall be no less than 3 members.

Where decisions cannot be reached by consensus, a simple majority of the votes of the members present in person will suffice.

The Committee shall consist of persons who hold no other office in the Association and are not closely related to any member of the Board of Directors, Management or Staff.

A member shall be temporarily disqualified to serve on the Committee where that member personally is in any dispute process with the HOA, or where litigation with the HOA is underway, which instances may be deemed to be a conflict of interest. Past disputes or litigation will not of, and by themselves, automatically disqualify any HOA member from serving on the Committee.

A member may under no circumstances use confidential information, not otherwise known to the general public, for personal benefit or for use in any personal action against the SLHOA.

Members of the committee are required to channel all personal disputes with the SLHOA through the committee, which will apply the same decision making process used in all other matters.

The Committee shall elect a chairperson from amongst its members who will serve in that capacity during the Committee's tenure of office.

Membership of the committee shall be for 2 (two) years at a time. Thereafter, two thirds of the membership may stand for re-election, after having again called for volunteers from the HOA members. The initial two thirds will be decided by majority vote, and subsequent elections will be on a rotational basis.

The Committee shall meet as and when it deems necessary.

Decisions and recommendations of the committee shall preferably be the result of consensus, but should consensus not be achieved, a simple majority of votes will suffice. The Chairperson shall not have a casting vote.

Reporting

The COO will appoint, on request of the Chairperson, a secretary / secretariat function to facilitate the Committee's meetings and reporting duties.

The secretary will, in consultation with the Chairperson, prepare and send notices, agenda and meetings packs 5 working days before the meeting if needed.

The secretary will prepare minutes and accurately transcribe all decisions of the Committee.

All minutes will be circulated to the Board of Directors within 14 (fourteen) days of such meeting.

The Committee will submit a summary of its activities for inclusion in the annual report of the estate.

Scope and Authority

The Committee has authority to:

- request agreement from the Board to conduct or authorize investigations into any matters within its scope of responsibility provided that approval is given to the source of funding for such investigations;
- accept any matter for consideration from any member of the Board, management, staff or the HOA members;
- request information, records and personnel support as it requires to fulfill its responsibilities;
- request the attendance of any Director, manager or employee, at Committee meetings;
- request permission from the Board to conduct meetings with Auditors and the Corporate Legal Advisor as necessary and with approval of funding;
- request approval from the Board to obtain advice from external parties as necessary and within approved and reasonable cost if applicable;

The committee has no jurisdiction over the conduct of the operations of the SLHOA Board, Management or Staff and will only act in an advisory capacity.

Should, however, any of the recommendations or requests of the committee be rejected by the Board without sufficient explanation, the Board undertakes to refer such issue, at the request of the committee, to the members of the Homeowners Association.

Evaluation of Committee activities

The Committee will annually undertake self-assessment of its performance and submit a report to the board.

The Chairperson will provide each member with feedback on that member's contribution to the Committee's activities at least once during a member's term of office of 2 (two) years.

The assessment is to include a recommendation whether the committee member is suitable for the position or should be replaced by simple majority vote. A substitute member shall be co-opted from volunteers of HOA members or their legally appointed representatives.

Review of the Terms of Reference

The Committee and the Board of Trustees will at least annually review the Terms of Reference and mutually agree to amendments where needed, to ensure that it remains relevant with the Committee's authority, objectives and responsibilities.

Acknowledgement of the Terms of Reference

The CORPORATE GOVERNANCE ADVISORY COMMITTEE'S Terms of Reference is acknowledged and endorsed by the Chairperson of the Committee and the Board of Directors.

Name:
Corporate Governance Committee Chairperson

Name:
Chairperson of the Board of SLHOA Directors

Date: _____

Date: _____