



**INTEGRATED REPORTING
COMMITTEE OF
SOUTH AFRICA**

INTEGRATED REPORTING COMMITTEE OF SOUTH AFRICA

CONSTITUTION

APPROVED 25 SEPTEMBER 2017

**THE CONSTITUTION OF
THE INTEGRATED REPORTING COMMITTEE OF SOUTH AFRICA (IRC OF SA)**

1. NAME

The name of the organisation is THE INTEGRATED REPORTING COMMITTEE OF SOUTH AFRICA, hereinafter referred to as the “IRC of SA”. The IRC of SA is a voluntary association of persons, not for profit, with perpetual succession capable of suing and being sued in its own name and of performing such acts as are necessary for or incidental to the achievement of its objects, the exercise of its powers and the performance of its functions and duties under this Constitution or under any statute of the Republic. The association will continue to exist irrespective of a change in membership with its own legal identity.

2. ROLE AND OBJECTS

The role of the IRC of SA is to provide direction, monitoring and strategic thinking on matters relating to integrated reporting.

(1) The objects of the IRC of SA are:

- (a) To establish and to procure the recognition and acceptance of what the IRC of SA considers being good practice in integrated reporting.
- (b) To design, disseminate and promote integrated thinking and encourage organisations’ to produce integrated reports.
- (c) To promote the international harmonization of integrated reporting.

And in this regard inter alia:

- (i) To consider the recommendations of the King Reports on Corporate Governance;
- (ii) To prepare issue and publish in the name and under the authority of the IRC of SA, Guidance on Good Practice, and to make its views known in such other ways as it deems fit;
- (iii) To make recommendations to the State (or the Financial Reporting Standards Council appointed in terms of Section 203 of the Companies Act, 2008 or to any other authority, commission of enquiry or any other body) of what it considers to be good practice;
- (iv) To keep under review, and where appropriate to co-operate with all relevant parties, in revising guidelines to keep pace with

developments in accounting, integrated reporting, sustainability reporting, business and international developments.

(2) The IRC of SA:

- (a) Must not, directly or indirectly, pay any portion of its income or transfer any of its assets, regardless of how the income or asset was derived, to any person who is or was a Full or Honorary member of the IRC of SA except:
 - (i) as reasonable remuneration for goods delivered or services rendered to, or at the direction of, the IRC of SA;
 - (ii) as reasonable payment of, or reimbursement for, expenses incurred to advance a stated object of the IRC of SA;
 - (iii) as a payment of an amount due and payable by the IRC of SA in terms of a bona fide agreement between the IRC of SA and that person or another party;
 - (iv) as a payment in respect of any rights of that person, to the extent that such rights are administered by the IRC of SA in order to advance a stated object of the IRC of SA; or
 - (v) in respect of any legal obligation binding on the IRC of SA.
- (b) Must apply all of its assets and income, however derived, to advance its stated objects, as set out in this Constitution and may:
 - (i) acquire and hold securities issued by a profit company; and
 - (ii) directly or indirectly, alone or with any other person, carry on any business, trade or undertaking consistent with or ancillary to its stated objects.
- (c) The IRC of SA is prohibited from distributing any of its funds or assets to any person (otherwise than in the course of undertaking its objects) and is required to utilise its funds solely for the objects for which it has been established.
- (d) A Full or Honorary member of the IRC of SA is prohibited from having any personal or private interest in the IRC of SA except in so far as rendering a service to the IRC of SA in pursuit of its objects.
- (e) The IRC of SA is prohibited from directly or indirectly distributing any surplus funds to any person.
- (f) Substantially the whole of the activities of the IRC of SA shall be directed to the furtherance of its objects and not for the specific benefit of an individual member or minority group.

- (g) The IRC of SA is prohibited from holding any share or other interest in any business, profession or occupation which is carried on by its full or honorary members.
- (h) The IRC of SA may not pay any remuneration to any person, which is excessive, having regard to what is generally considered reasonable in the sector and in relation to the service rendered.

3. MEMBERSHIP

- (1) The IRC of SA has been established in terms of this Constitution by the following founding members:
 - (a) The South African Institute of Chartered Accountants (SAICA);
 - (b) The Institute of Directors Southern Africa (IoDSA);
 - (c) The Johannesburg Stock Exchange (JSE); and
 - (d) The Association for Savings and Investment SA (ASISA).
- (2) There shall be the following categories of membership:
 - (a) Full members;
 - (b) Honorary members; and
 - (c) Partial members.
- (3) Membership subscriptions, sponsorship rights and voting rights:
 - (a) Full members, including the founding members, are those members paying subscriptions and having sponsorship rights, as determined by the Board, and who have full IRC of SA voting rights and are eligible for nomination to the Board.
 - (b) Honorary members are those individuals who can make, or have made, a valuable contribution to promoting and developing integrated reporting and integrated thinking in South Africa for such period and on such terms and conditions determined by the Board. Such members shall not be required to pay subscriptions, do have IRC of SA voting rights and are eligible for nomination to the Board in terms of sub-clause 7(1)(c) providing for two rotating members of the Board.
 - (c) Partial members are those members paying a partial subscription for a limited period or specific event, who have partial sponsorship rights, but shall not have IRC of SA voting rights and are not eligible for nomination to the Board.
- (4) Members shall be those corporations, individuals, professional bodies and other organisations with an interest in integrated reporting and integrated thinking, which have applied for admission as members and have been admitted to one of the categories of membership in sub-clause 3(2), as

approved in terms of membership admission criteria, determined from time to time by the Board, or who have been invited to become members with the approval of the Board.

(5) A Register of Members will be maintained by the Board.

4. TERMINATION OF MEMBERSHIP

(1) Membership of any member shall cease:

- (a) Upon such member ceasing to have the qualification, in terms of the membership criteria, for membership that was the basis for their admission as a member; and
- (b) Upon any member by giving written notice of their resignation which may take place with immediate effect; provided, however, that pending such resignation becoming final that member shall pay to the IRC of SA all liabilities due and payable, including any subscriptions owing in respect of the current financial year within which the resignation takes place, unless the Board determines otherwise.
- (c) In addition to sub-clause 4(1)(b) the Board may terminate the membership of any member whose conduct is such as to bring the IRC of SA into disrepute.

5. POWERS OF THE IRC OF SA

(1) The IRC of SA shall have the power:

- (a) To receive membership subscriptions, sponsorship and contributions to the IRC of SA and incidental income from IRC of SA activities;
- (b) To open and operate banking and savings accounts for the funds of the IRC of SA;
- (c) To apply and use the whole of the capital and income of the IRC of SA for carrying out its objects;
- (d) To elect a Chairman and Deputy Chairman and to establish a Board, a Working Group and other Sub-committees to assist it in the performance of its functions and duties;
- (e) To determine the procedure at meetings of the IRC of SA, the Board, the Working Group or other Sub-committees;
- (f) To enter into, make, sign and execute contracts;
- (g) To institute, conduct, defend, compound or abandon any legal proceedings by or against the IRC of SA, the Board, the Working Group, other Sub-committees or its officers;
- (h) To enter into agreements with Full or Honorary members, other organisations or individuals on such terms as the IRC of SA deems fit

for the provision of secretarial, accounting and administrative services to the IRC of SA; and

- (i) Generally to do whatever the IRC of SA deems necessary to enable it to carry out its objects or to exercise its powers or to perform the functions given to it in this Constitution.
- (2) The IRC of SA may delegate its powers in Clause 5(1) to the Board to carry out its objects or to exercise the powers or to perform the functions given to it as indicated in this Constitution.

6. CHAIRMAN AND DEPUTY CHAIRMAN

- (1) The Chairman and Deputy Chairman of the IRC of SA may be a Full or Honorary member of the IRC of SA.
- (2) The first Chairman shall be Professor Mervyn King, who shall hold office as Chairman for two (2) years after the date of the first meeting of the IRC of SA.
- (3) The first Deputy Chairman shall hold office as Deputy Chairman for two (2) years after the date of his/her first election at the first meeting of the IRC of SA.
- (4) The subsequent Chairman and Deputy Chairman of the IRC of SA shall be elected by the Full and Honorary members of the IRC of SA, at a meeting of the IRC of SA, to hold office for a period of two (2) years at a time. Any person whose period of office as Chairman or Deputy Chairman has expired shall be eligible for re-election.
- (5) If a Full member of the IRC of SA appointed under sub-clause 2(1) is elected as Chairman or Deputy Chairman of the IRC of SA, the member body which appointed him/her shall be entitled to appoint another representative member to the IRC of SA to hold office for the period of the Chairman's or Deputy Chairman's appointment.
- (6) The Chairman, or Deputy Chairman, may resign from his/her office as Chairman, or Deputy Chairman, and his/her resignation shall take effect and he/she shall vacate his/her office on the election of his/her successor by the members of the IRC of SA at the next meeting of the IRC of SA.
- (7) The Chairman, or Deputy Chairman, may be removed by the members of the IRC of SA for poor attendance at meetings, or if the members determine that the Chairman, or Deputy Chairman, no longer contributes towards achieving the objects of the IRC of SA.

7. THE BOARD

- (1) The Board established by the IRC of SA shall comprise the following:
 - (a) A representative from the four founding members, namely:

- (i) One person appointed from time to time by the SAICA;
 - (ii) One person appointed from time to time by the IoDSA;
 - (iii) One person appointed from time to time by the JSE; and
 - (iv) One person appointed from time to time by ASISA.
- (b) The Chairman, the Deputy Chairman and the Chief Executive Officer of the IRC of SA.
 - (c) Two additional rotating members following annual nomination by Full and Honorary members of the IRC of SA, and being eligible for nomination by virtue of being a Full or Honorary member.
- (2) The period of appointment of Full and Honorary members to the Board shall be:
- (a) Representatives of founding members and Full or Honorary members appointed in terms of sub-clauses 7(1)(a) and 7(1)(b) shall be appointed for not less than two consecutive years, subject to the provisions of clause 4, and are eligible for reappointment. The Chief Executive Officer shall remain as a Board member for the duration of his/ her appointment as provided for in sub-clause 7(5).
 - (b) Full or Honorary members nominated and elected at the annual meeting of the IRC of SA are appointed for a period of one year, subject to the provisions of clause 4, and are eligible for nomination at the subsequent annual meeting of the IRC of SA, for a further year by virtue of being a Full or Honorary member.
 - (c) Individual Board appointments will come into effect on receipt by the Secretariat of a signed "Consent to Act" from each Board member and written confirmation of the date from which his/her appointment takes effect, and period for which the appointment is made.
- (3) Notwithstanding that it may afterwards be discovered that there has been some defect in the appointment or continuance in office of a Board member, or person acting as a Board member, bona fide decisions by the Board or by any person acting in good faith as a Board member are as valid as if every such person had been duly appointed, were qualified and continued to be a Board member, or were entitled to vote, as the case may be
- (4) The Board shall have at least three members, who are not connected persons in relation to each other, to accept the fiduciary responsibility of the IRC of SA. No single member shall directly or indirectly control the decision-making powers of the Board relating to the IRC of SA.
- (5) The Board shall appoint a Chief Executive Officer (CEO) to manage the affairs of the IRC of SA for such period and on such terms as it deems

appropriate. Subject to its direction and control the Board shall vest in the Chief Executive Officer the powers and functions delegated by it.

- (6) The Board shall approve the terms of appointment of Full or Honorary members or other organisations or individuals, to provide Secretariat and administrative services to the IRC of SA, the Board and the Working Group and other Sub-committees in conducting its affairs and carrying out its duties.
- (7) The Board shall determine the reasonable remuneration for the Chief Executive Officer and Secretariat having regard to what is generally considered reasonable in the sector and in relation to the services rendered.

8. MEETINGS OF THE FULL AND HONORARY MEMBERS OF THE IRC OF SA

- (1) Meetings of the Full and Honorary members of the IRC of SA shall be held at least once per annum at a time and place to be fixed by the Board.
- (2) The purpose of the annual meeting of the Full and Honorary members of the IRC of SA is:
 - (a) To consider the strategy of the IRC of SA;
 - (b) To consider the annual report of the IRC of SA;
 - (c) To vote for two rotating members, nominated by the Full and Honorary members, to serve on the Board; and
 - (d) To vote for the Chairman and Deputy Chairman of the IRC of SA bi-annually or when necessary.
- (3) Notice in writing of each meeting specifying the place, the day and the hour of the meeting and, in the case of special business, particulars of that business, shall be given by the Board not less than fourteen (14) days prior to the date of the scheduled meeting.
- (4) Any resolution on which Full and Honorary members are to vote should be provided no less than fourteen (14) days prior to the meeting together with the relevant supporting documentation, if any. Notice may be waived or shortened with the approval of the majority of the founding members of the IRC of SA.
- (5) A majority of the Full and Honorary members of the IRC of SA present, or by proxy, shall constitute a quorum.
- (6) Attendance at the meetings may be in person by teleconference, by video conference or any combination thereof. Members participating by teleconference or video conference, or in any other manner contemplated in this section, shall be deemed to be present at such meetings for all purposes including that of determining a quorum. Should a Full or Honorary member opt to attend a meeting to be held by teleconference or video conference or

other manner contemplated in this section, she/he shall inform the Board no later than twenty-four (24) hours prior to the relevant meeting.

- (7) The Chairman, or Deputy Chairman, shall preside at all meetings of the Full and Honorary members of the IRC of SA at which he/she is present. If neither are present, then the Full and Honorary members present shall elect one of the members to preside at such meeting and the person elected shall still be entitled to exercise his/her vote as a Full or Honorary member.
- (8) The Chairman, the Deputy Chairman, and every Full and Honorary member present at a meeting shall have one vote.
 - (a) A resolution put to the vote at a meeting of the Full and Honorary members of the IRC of SA shall be decided upon by a show of hands by those present, while those attending via teleconference or video conference shall communicate her or his vote verbally and, unless it is a resolution falling within the ambit of sub-clause 10(1) or clause 16, shall be declared adopted if a majority of those voting on it, vote in favour of it.
 - (b) A declaration by the Chairman of the meeting that a resolution has, on a show of hands, been carried unanimously, or by a particular majority, or lost, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- (9) Any resolution on which Full and Honorary members of the IRC of SA are required to vote that is sent out prior to a meeting, or is submitted as a round robin resolution, may be voted on by proxy.
- (10) The Board shall keep proper minutes of all meetings of the Full and Honorary members of the IRC of SA. Copies of such minutes shall be forwarded by the Secretariat to the Full and Honorary members of the IRC of SA within thirty (30) days of the date of the meeting.

9. MEETINGS OF THE BOARD

- (1) Meetings of the Board shall be held at least three times per annum.
- (2) A meeting of the Board may be called by the Chairman or Deputy Chairman of the Board, to be held at such time and place as the Chairman may determine.
- (3) A majority of the members of the Board shall constitute a quorum.
- (4) Attendance at the Board meetings may be in person, by teleconference, by video conference or any combination thereof. Members participating by teleconference or video conference, or in any other manner contemplated in this section, shall be deemed to be present at such meetings for all purposes including that of determining a quorum.

- (5) The Chairman of the IRC of SA shall preside at all meetings of the Board at which he/she is present. In the absence of the Chairman from the meeting, the Deputy Chairman shall preside at such meeting.
- (6) Every member of the Board shall have one vote.
 - (a) A resolution put to the vote at a meeting of the Board shall be decided upon by a show of hands by those present, while those attending via teleconference or video conference, shall communicate her or his vote verbally and, unless it is a resolution falling within the ambit of sub-clause 16, shall be declared adopted if a majority of those voting on it, vote in favour of it.
 - (b) A declaration by the Chairman of the meeting that a resolution has, on a show of hands, been carried unanimously, or by a particular majority, or lost, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- (7) No decision of the Board or act done under the authority of the Board shall be invalid by reason of any vacancy on the Board.
- (8) Any resolution on which members of the Board are required to vote that is sent out prior to a meeting or is submitted as a round robin resolution may be voted on by proxy.
- (9) The Board shall keep proper minutes of all meetings of the Board. Copies of such minutes shall be forwarded to the members of the Board within thirty (30) days of the date of the Board meeting.

10. GUIDANCE ON GOOD PRACTICE

- (1) Guidance on Good Practice developed by the IRC of SA of what it considers is or should be good practice (generally accepted or recommended practice) shall only be issued or published or otherwise made known by IRC of SA if:
 - (a) Approved by a resolution passed by a majority of the members of the Board at a duly constituted meeting of the Board. Should the Board not have a quorum at the meeting, but the resolution is approved by a majority of those Board members present at that meeting, and subsequently approved by sufficient of those Board members who were not present at the meeting, by means of a round robin resolution affixing their signatures thereto, and delivering the signed round robin resolution to the Secretariat, together comprise a majority of the members of the Board. Such round robin resolution shall be confirmed at the following meeting of the Board.
 - (b) In matters of urgency, with the approval of the Chairman, approved by a round robin resolution passed by a majority of the members of the Board by affixing their signatures thereto and delivering the signed round robin

resolution to the Secretariat. Such round robin resolution shall be confirmed at the following meeting of the Board.

- (2) Guidance on Good Practice approved in terms of sub-clause (10)(1) will be printed and issued under the authority of the IRC of SA in such a manner as may be decided upon from time-to-time by the Board. For purposes of this sub-clause, printing may include any form of electronic media.
- (3) Nothing in the foregoing shall prevent any member of the IRC of SA from issuing guidance of recommended practice to its own members provided that in the event of overlapping of subject matter the guidance so issued shall not contradict those already issued under the authority of the IRC of SA, and provided further that if the IRC of SA issued a Guidance on Good Practice subsequent to the issue of a guidance by a member and there is overlap of subject matter, the Guidance on Good Practice issued under the authority of the IRC of SA shall prevail.

11. COSTS

- (1) Other than as provided for in sub-clause 7(5) the Chairman, Deputy Chairman, members of the IRC of SA, the Board, members of the Working Group and other Sub-committees will not be entitled to receive any remuneration for attending meetings.
- (2) Honorary members will be responsible for their own costs, and each Full member will be responsible for the costs incurred by its representatives in attending meetings of the IRC of SA, the Board, the Working Group, or other Sub-committee including, inter alia, travelling expenses and hotel accommodation, and any remuneration which it may decide to pay for such attendances.
- (3) The IRC of SA or the Board, in pursuit of its objects, may obtain such outside or independent professional advice as it considers necessary to perform its duties subject thereto that costs in this regard may only be incurred on prior approval by the members of the Board.
- (4) The costs incurred in respect of any Guidance on Good Practice prior to its submission to the Board for approval in terms of sub-clause 10(1) will be borne by the IRC of SA.

12. FUNDS OF THE IRC OF SA

- (1) The funds of the IRC of SA shall consist of:
 - (a) Any subscriptions, sponsorships and contributions from members and incidental income from IRC of SA activities.
 - (b) The Board must determine the subscription and sponsorships payable by Full and Partial members of the IRC of SA.

- (2) The Board shall cause full and correct account to be kept of all moneys received or expended by the IRC of SA.
- (3) The financial year of the IRC of SA shall end on the 31st day of December in each year. By May of each year, the Board shall have a statement prepared of the IRC of SA's income and expenditure during its immediately preceding financial year and a balance sheet showing its financial position at the end of that financial year. The Board shall send electronic copies thereof to every Full and Honorary member of the IRC of SA.

13. INTELLECTUAL PROPERTY

The intellectual property and copyright on any work undertaken in the IRC of SA's name belongs to the IRC of SA. The Board will grant right of use to the work provided acknowledgement is given and this right of use will not be unreasonably withheld.

14. ADDRESS OF MEMBERS

Each member shall register a physical address or email address with the Board and any notice may be served on any member electronically. The accidental omission to give notice of a meeting to, or the non-receipt of such notice by any person entitled to receive notice thereof, shall not invalidate any resolution passed or decision taken at that meeting.

15. LIMITATION OF LIABILITY AND INDEMNITY

- (1) The members of the IRC of SA, the Board, the Working Group and other Sub-committees shall not have any individual liability for any commitments undertaken by the IRC of SA or the Board. All persons shall be deemed to contract or deal with the IRC of SA on this basis.
- (2) Liability of the members to the IRC of SA shall be limited to the payment of unpaid subscriptions, sponsorships or other amounts and to the settlement of any other debts they may have to the IRC of SA. Liability of the members of the IRC of SA shall be limited to the settlement of any debts they may have.
- (3) Subject to the provisions of any relevant law, the IRC of SA indemnifies members of the IRC of SA, the Board, the Working Group and other Sub-committees for all acts done by them in good faith on its behalf.
- (4) Subject to the provisions of any relevant law no member of the IRC of SA, the Board, the Working Group and other Sub-committees will be liable for the acts, neglects or omissions of the IRC of SA for any loss, damage or expense suffered by the IRC of SA, that occurs in the execution of the powers, duties and/or the furtherance of its objects, unless the latter arises as a result of dishonesty or failure of the relevant member of the IRC of SA,

the Board, the Working Group and other Sub-committees to exercise the degree of care, skill and diligence required by law.

16. AMENDMENTS TO THE CONSTITUTION

This Constitution may be altered, amended, or added to by a resolution passed by no less than seventy-five percent (75%) of the Full and Honorary members of the IRC of SA.

- (1) Throughout this Constitution, unless consistent with the context, the singular shall include the plural.
- (2) Where any doubt arises as to the interpretation of any clause in this Constitution, the decision of the IRC of SA thereon shall be final and binding.

Approved

25 September 2017