

ANNEXURE To
RESPONSE 1574

HEALTH PROFESSIONS COUNCIL OF SOUTH AFRICA	
HUMAN RESOURCES AND REMUNERATION COMMITTEE TERMS OF REFERENCE	Version 1
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Responsible Officer(s)	

Approved by: HPCSA COUNCIL

Active date: March 2017

MANDATE

Section 10(1)(a) of the Health Professions Act, 1974 (Act No. 56 of 1974) ("the Act") empowers the Council to establish such committees as it may deem necessary. Council has established a Committee known as "the Human Resources and Remuneration Committee" ("the Committee"). The duties and responsibilities of the members of the Committee are in addition to those as members of the Council.

The deliberations of the Committee do not reduce the individual and collective responsibilities of Council members in regard to their fiduciary duties and responsibilities. Council members must continue to exercise due care and judgement in accordance with their statutory obligations.

ENABLING FRAMEWORK

- (i) Health Professions Act
- (ii) KING III Report on Corporate Governance
- (iii) Labour Relations Act
- (iv) Basic Conditions of Employment Act

COMPOSITION

The Human Resources and Remuneration Committee of Council shall consist of six (6) members, constituted as follows:

- a) One member who will be the Chairperson – Vice President nominated by Council
- b) Four (4) members of Council; and,
- c) 1 co-opted member with expertise;
- d) The President of Council is Ex Officio and is not counted for quorum purposes and is not legible to vote.
- e) The Committee members will have suitable qualifications and experience to fulfil their duties.

RESPONSIBILITIES AND FUNCTIONS

Primary Role

The Committee has an independent role, operating as an overseer and a maker of recommendations to Council for its consideration and final approval. The Committee does not assume the functions of management, which remain the responsibility of Executive Management, officers and other members of senior management.

The role of the Committee is to assist Council to ensure that:-

- a) The Organisation remunerates Council, Board members and executives management fairly and responsibly; and,

- b) The disclosure of director and remuneration is accurate, complete and transparent.

Duties

The Committee shall exercise all powers and perform all functions related to human resources delegated to it by Council.

The Committee shall create an enabling environment that encourages efficient and effective management and development of human capital for the Health Professions Council of South Africa with specific reference to, amongst others:

- a) Review the organisation's strategies on talent management and human resources development which includes succession, retention and career management;
- b) Review proposed changes to Human Resource policies and make recommendations to Council for approval and review outcomes to see whether the implementation of policy has succeeded;
- c) Review the Health Professions Council's human resource strategy;
- d) Review reports on organizational culture and morale within the Health Professions Council of South Africa;
- e) Review leading practices on remuneration reward philosophy and reward strategy;
- f) Ensure that the remuneration policy is put to a non-binding advisory vote at the ordinary meeting of Council once every year;
- g) Review at least annually employment conditions of executives' and service agreements;
- h) Determine the policy for and scope of service agreements for the executive management team, termination payments and remuneration commitments for new appointments;
- i) Approve the cost of annual general salary increases and mandates for negotiations with trade unions and review and assess any ad hoc remuneration matters;
- j) Ensure that the mix of fixed and variable pay, in cash and other elements, meets the organisation's needs and strategic objectives;
- k) Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- l) Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- m) Consider the results of the evaluation of the performance of the CEO and other executives as executives in determining remuneration mix;
- n) Advice on the selection of an appropriate comparative group when comparing remuneration levels;
- o) Regularly review incentive schemes to ensure continued contribution to organisation value and that these are administered in terms of the rules;

- p) Review proposals for the payment of incentive bonuses to executives in terms of all incentive plans;
- q) Monitor and evaluate Health Professions Council of South Africa's compliance with good corporate governance with regard to human resources and remuneration matters;
- r) Where necessary seek legal advice or other independent professional advice in order to efficiently carry out its responsibilities;
- s) Secure the services of experts with the relevant experience when required;
- t) Advise on the remuneration of non-executives;
- u) Oversee the preparation and recommending to Council the remuneration report, to be included in the annual report, for whether it:
 - i) is accurate, complete and transparent;
- v) Consider the quorum of the Committee and ensure that the Chairman of the Committee and in their absence an appointed deputy, attends the ordinary meetings of Council or similar forums to answer questions about the remuneration strategy and policy.

Powers

- a) This Committee operates independently of management and is free of any organizational impediment;
- b) The Committee acts in accordance with its statutory duties and the delegated authority of Council;
- c) The Committee, in the fulfilment of its duties, may call upon the Chairpersons of the other Council committees, any of the executive managers, officers or company secretary to provide it with information, subject to following a Council approved process;
- d) In order to enable it to fulfil its functions, the Committee has unrestricted access to all information, including records, property and employees where necessary and must be provided with adequate resources in order to fulfil its oversight responsibilities;
- e) The Committee may form, and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee;
- f) The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at company's cost, subject to following a Council approved process;
- g) The Committee makes the recommendations to the Council that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.
- h) In line with Council policies the Committee shall finalise the following matters:
 - i) changes to the establishment and creation of new posts for level D2 and below;
 - ii) salary reviews for levels D2 and below;

- iii) any other human resource related matters falling within its delegated authority.

TERM OF OFFICE

The Council members appointed to the Human Resources and Remuneration Committee shall hold office for the duration of the term of office of the Council.

The Independent members appointed to the Human Resources and Remuneration Committee shall hold office for a five (5) year term from the date of appointment.

Vacancies, which may occur in the Committee, shall be filled in the same manner, as was the case with the member who vacated that seat. The replacing member shall hold office for the unexpired portion of the Committee's term of office.

MEETINGS OF THE COMMITTEE

- a) The Committee shall meet at least four (4) times a year and these should preferably be quarterly meetings;
- b) The Committee will have an annual strategic workshop meeting;
- c) Meetings shall correspond with major phases of the human resources and remuneration cycles;
- d) Meetings in addition to those scheduled may be held at the request of the chief executive officer, head of human resources or other members of senior management or at the instance of the board;
- e) The Council Secretariat shall attend and record all meetings;
- f) The Chief Executive Officer, Chief Financial Officer, Senior Manager Human Resources or other members of Senior Management as may be required, assurance providers, professional advisors and Council members may be in attendance at Committee meetings, but by invitation only and they may not vote;
- g) Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad hoc*-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson or Council secretariat;
- h) If the nominated Chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman;
- i) The Chairperson of the Committee may meet with the chief executive officer, head of human resources and/ or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

Agenda and Minutes

- a) The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned King III Practice Notes for the year. The annual plan must ensure proper coverage of the matters laid out in these terms of reference. The more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan;
- b) A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the board and other invitees;
- c) Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion;
- d) Draft minutes of Committee meetings shall be sent to all members within seven days of the meeting;
- e) Minutes shall be formally approved at the next scheduled Committee meeting.

RECORDS

The Registrar is the Secretary to the Committee and has a responsibility to ensure that all meetings of the Committee are recorded.

EVALUATION

The Council must perform an evaluation of the effectiveness of the Committee every year.

QUORUM

A minimum of 50% plus 1 members shall constitute a quorum.

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

APPROVAL OF THESE TERMS OF REFERENCE

These terms of reference were approved by the President of the Council and Chairperson of the Committee on 25 March 2017 and will be due for review on 28 February 2018.