

No. R. 891

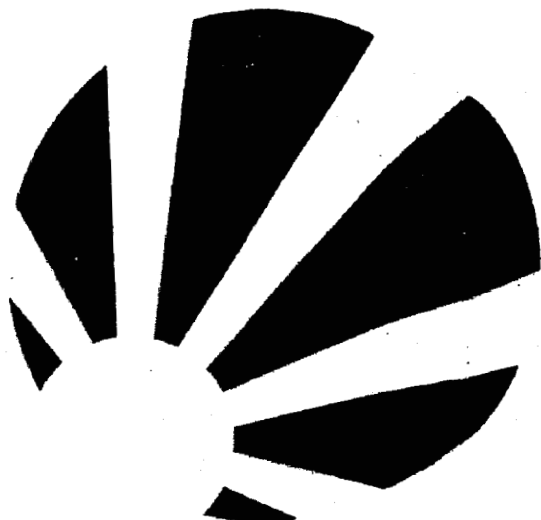
8 September 2005

SKILLS DEVELOPMENT ACT, 1998 (ACTNO. 97 OF 1998)**APPROVAL OF CONSTITUTION OF FINANCIAL AND ACCOUNTING
SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY (SETA 01)**

The Minister of Labour has on 1 April 2005 in terms of section 13 (1) of the Skills Development Act, approved the constitution of the FINANCIAL, AND ACCOUNTING SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY as set out in the Schedule.

SCHEDULE

Final Draft – April 2005



F A S S E T

FASSET CONSTITUTION

Al Makh
D

TABLE OF CONTENTS

TABLE OF CONTENTS		Page No.
1.	LEGAL ENTITY	4
1.1	Scope of Fasset.....	4
1.2	Purpose for the establishment of Fasset	4
1.3	Legal status	5
1.4	Interpretation	5
1.5	Definitions	5
1.6	Dispute resolution	9
1.7	Place of business	
1.8	Legal personality	11
1.9	Limitation of liability	12
1.10	Legislative framework	12
1.11	Process of amending the constitution	12
1.12	Scope and coverage	12
2.	OBJECTS, FUNCTIONS AND DUTIES OF FASSET	13
2.1	Objectives of Fasset	13
2.2	Powers of Fasset.....	14
2.3	Functions of Fasset	14
3.	FASSET CONSTITUENCY	18
4.	MANAGEMENT BOARD	18
4.2	Role and powers	19
4.3	Composition	20
4.4	Nomination process: employee constituency	20
4.5	Election process: employer constituency	21
4.6	Responsibilities of management board	21
4.7	Term of office	21
4.8	Annual general meetings and extraordinary general meetings	22
4.9	Meetings of management board	23
4.10	Voting procedures at meeting of management board	23
4.11	Office bearers	23
4.12	Terms and conditions of service of representatives on the management board	24
4.13	Removal from office	24
5.	AUDIT COMMITTEE	25

Confidential

M. Toller

Final Draft – April 2005

3.

6. EXECUTIVE COMMITTEE (EXCO)	26
6.1 Composition	26
6.2 Term of office	26
6.3 Meetings of the executive committee (EXCO)	27
6.4 Meeting procedures (EXCO)	27
6.5 Voting procedures	27
7. WORKING COMMITTEE	27
7.1 Composition	27
7.2 Role and functions of the working committees	28
7.2.1 Communication working committee	28
7.2.2 Learnerships and Quality Assurance working committee	28
7.2.3 Finance working committee	28
7.2.4 Skills planning working committee.....	28
7.2.5 Remunerations working committee	29
7.2.6 Other working committees	29
7.3 Term of office	29
7.4 Meetings of the working committees	29
7.5 Meeting procedures	29
7.6 Office bearers	30
7.7 Terms and conditions of representatives on the working committees	30
8. CHAMBERS	30
9. ADDITIONAL CORE CORPORATE GOVERNANCE REQUIREMENTS	30
9.1 Corporate governance and the PFMA	30
9.2 Human resource management	31
10. CODE OF CONDUCT	31
10.2 Policy	31
10.3 Disclosure of interests	32
10.4 Confidentiality and non-disclosure	33
10.5 Assignment of patent rights to Fasset	33
11. Taking over Administration of Authority	33
Schedule 1 SCOPE OF COVERAGE OF FASSET	35
Schedule 2 FASSET CONSTITUENCY	36
Schedule 3 RULES OF PROCEDURE	37

Confidential

Final Draft – April 2005

1. LEGAL ENTITY

1.1 Scope of Fasset

The scope of coverage of Fasset is the financial and accounting sector, as determined by the Minister of Labour in terms of section 9(2) of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended, read with government gazette No 21012 of the 20th March 2000. The Minister's determination is reproduced in **Schedule 1** of this Constitution.

1.2 Purpose for the establishment of Fasset

The purpose for which Fasset has been established is to provide an institutional framework to devise and implement national, sectoral and workplace strategies that are aligned with the objectives of national economic and social development. These strategies will be developed within the context of:

Supporting the development and improvement of skills development interventions;

Providing an assurance of quality in education and training;

Enhancing access to learning opportunities;

Encouraging active employer participation;

Supporting the objectives of the Employment Equity Act; and

Addressing the needs of the South African labour market including that of:

1.2.1.1 Employers;

1.2.1.2 Workers; and

1.2.1.3 Small, medium and micro enterprises.

Confidential



Final Draft – April 2005

5.

1.3 Legal status

Fasset is a body corporate, established in accordance with Section 9 of the Skills Development Act No. 97 of 1998 ("**the Act**") and having all the powers granted to it in terms of the Act.

1.4 Interpretation

In this constitution, unless consistent with the context or subject matter:

Chapter, clause and paragraph headings are for purposes of reference only and shall not be used in the interpretation of this constitution;

Unless the context clearly indicates a contrary intention, words connoting:

1.4.1.1 one gender include a reference to the other gender;

1.4.1.2 the singular includes the plural and vice versa;

1.4.1.3 natural persons include legal persons and *vice versa*.

Schedules to the constitution will be deemed to form part of the constitution

1.5 Definitions

The following expressions shall bear the meanings assigned to them below and cognate expressions shall bear corresponding meanings:

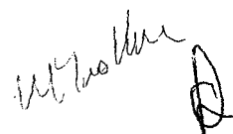
"Act" means the Skills Development Act, 1998
(Act No. 97 of 1998), as amended;

"chairperson" means any person elected or appointed
to chair any meeting of Fasset or its
committees;

"chief executive officer" means the person appointed by the
management board as the chief
executive officer of Fasset;

"committee" means any permanent committee, *ad
hoc* committee or sub committee

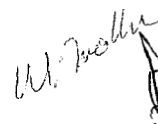
Confidential



Final Draft – April 2005

	established by the management board or committees of Fasset;
"competencies"	means clear specifications or criteria for successful performance of a particular activity or function and may include knowledge, skills, abilities, personal characteristics and values;
"constituency"	means the employers registered with and paying their levies to Fasset, government departments and trade unions representing employees within the sector and employee organisations whose constituencies carry on their business activities or are employed, as the case may be, in the sector;
"constituents"	means those persons and organisations that make up the constituency;
"designated groups"	means black people, women and people with disabilities;
"education and training standards"	means registered statements of desired education and training outcomes and their associated assessment criteria, as defined in Section I of the SAQA Act;
"employee"	means any person, excluding an independent contractor, who works for another person in the sector or for the State Department within the sector and who receives, or is entitled to receive, any remuneration or any other person who in any manner assists in carrying on or conducting the business of an employer within the sector;

Confidential

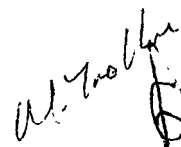


7.

Final Draft – April 2005

"employer"	means an employer as defined in the fourth schedule to the Income Tax Act, No. 58 of 1962;
"EXCO"	means the Executive Committee, appointed by the management board and chaired by the Chairperson of the management board, which will be charged with overseeing the business plans and implementation of strategies of Fasset;
"Fasset"	means the Sector Education and Training Authority for Finance, Accounting, Management Consulting and Other Financial Services;
"general meeting"	means a meeting of all constituents of Fasset;
"the legislation"	means the legislation referred to in 1.10;
"levy disbursement"	means the funds disbursed to employers in accordance with the levy disbursement policies of Fasset, the Skills Development Levies Act, No. 9 of 1999, the PFMA and the Act;
"learning"	means the process by which a person gains the competencies required to perform a particular function or activity;
"majority vote"	means a two-thirds vote of the representatives present at a meeting of the management board, executive committee or working committee of Fasset at which a quorum is present;

Confidential

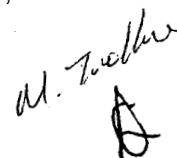


Final Draft – April 2005

8.

"management board"	means the duly elected body, which is charged with the strategy, governance and direction of Fasset, in accordance with the requirements of the Act, the PFMA and the needs of all stakeholders;
"Minister"	means the Minister of Labour,
"PFMA"	means the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended;
"professional bodies"	means associations representing the interests of professional persons, employees and learners, employer organisations and within professions, that are constituents of this sector;
"public entity"	means a public entity as defined in the PFMA;
"quorum"	means the requisite number of constituents who must be present at any meeting, for decisions of that meeting to have any binding effect;
"representative"	means any person elected or appointed to serve on the management board or a committee of Fasset;
"SAQA Act"	means the South African Qualifications Authority Act 1995, (Act No. 58 of 1995);
"sector"	means the Finance, Accounting, Management Consulting and Other Financial Services as defined in the Minister's Notice GN. 265, GG 21012 of 20 March 2000, as amended;

Confidential



Final Draft – April 2005

"SETA"	means a Sector Education and Training Authority;
"stakeholder"	means a constituent, as well as any other party that has an interest in Fasset, including but not limited to, the Department of Labour and workers;
"unemployed person"	means any person who would fall into the definition of the economically active population who is unable to find employment in the formal or informal sector, and
"worker"	means an employee, an unemployed person and a work-seeker within the sector.

1.6 Dispute resolution

Any party to a dispute concerning the interpretation or application of this constitution may refer the dispute to the Chief Executive Officer of Fasset.

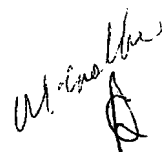
The referral must:

- 1.6.1.1 be in writing;
- 1.6.1.2 adequately describe the dispute; and
- 1.6.1.3 be delivered to every other party to the dispute by the party referring the dispute.

The Chief Executive Officer must, as soon as reasonably practicable, refer the dispute to EXCO, who must endeavour to resolve the dispute by conciliation within 30 days of referral of the dispute.

If EXCO fails to resolve the dispute within 30 days of its referral, then any party to the dispute may refer it for arbitration by an arbitrator appointed in terms of the Arbitration Act, 1965 (Act 42 of 1965).

Confidential



Final Draft – April 2005

The arbitrator must be agreed to by the parties to the dispute with the approval of the chairperson of Fasset or, failing such agreement or approval, by an arbitrator appointed by the chairperson of Fasset.

The arbitrator must first attempt to conciliate the dispute. If conciliation is not possible, then the arbitrator must arbitrate the dispute.

The arbitrator must conduct the arbitration in a manner that he or she considers appropriate in order to determine the dispute fairly and quickly, but must deal with the substantial merits of the dispute with the minimum of legal formality.

Within 14 days of conclusion of the arbitration proceedings:

1.6.1.4 the arbitrator must issue a signed arbitration award with reasons; and

1.6.1.5 the chief executive officer must provide a copy of the award to every party to the dispute.

The arbitration award is final and binding on the parties to the dispute.

The ~~costs~~ of the arbitration must be borne equally by the parties to the dispute. The arbitrator may however make a different and appropriate award of costs if:

1.6.1.6 a party to the dispute, without reasonable cause, refuses or fails to attend the arbitration or unduly delays arbitration proceedings; or

1.6.1.7 the arbitrator is of the view that a party pursuing or resisting the dispute did so vexatiously or frivolously or had no reasonable prospect of succeeding.

An arbitrator may, at his or her own initiative or as a result of an application by an affected party, vary or rescind an award:

1.6.1.8 erroneously sought or made in the absence of any party affected by the award;

1.6.1.9 in which there is ambiguity, or any obvious error or omission, but only to the extent of the ambiguity, error or omission; or

Confidential



- 1.6.1.10 granted as a result of a mistake common to the parties to the proceedings.

1.7 Place of business

Fasset chooses as its place of business and its *domicilium citandi et executandi* suite A-306, 3rd Floor, Eva Office Park, Corner Beyers Naude & Judges Avenue, Blackheath, South Africa or such other address as may be substituted by notice given to all constituents.

1.8 Legal personality

Fasset is a public entity listed in Part A of Schedule 3 of the PFMA and will: have a separate legal identity and existence distinct from its office bearers, constituents and representatives;

hold property and assets distinct from its office bearers, constituents and representatives;

not be entitled to carry on any business which has for its object the acquisition of gain for itself or its office bearers, representatives or constituents;

be required to use its funds solely for the objects for which it has been established or for investment in terms of an investment policy as approved by the National Treasury;

be entitled to raise funds, generate income and charge fees in accordance with any relevant legislation;

be capable at law of suing and being sued, of investing funds and of operating banking and other accounts, of entering into contracts and doing or performing such other acts or things as body corporates may do or perform, subject to the provisions of this constitution and the Act;

continue to exist, and have perpetual succession, notwithstanding changes in its office bearers, constituents or representatives; and

be dissolved in accordance with the requirements of the Act, should dissolution become necessary for any reason.

Confidential

1.9 Limitation of liability

A constituent or representative of Fasset does not incur any civil liability because of doing or failing to do something which such constituent or representative may do or is required to do in terms of the Act, provided that person has acted without negligence and in good faith.

Fasset does not incur any civil liability because a constituent, representative or employee of Fasset has taken any action or failed to take any action under or in terms of the Act, and in failing to take that action or in taking that action such person acted without negligence and in good faith.

1.10 Legislative framework

The constitution must be read in conjunction with the legislation detailed below, as may be amended from time to time, and any other pertinent legislation that exists or may come into existence:

Skills Development Act **1998**, (Act No. **97** of **1998**);

Skills Development Levies Act, **1999** (Act No. **9** of **1999**);

South African Qualifications Authority Act, **1995** (Act No. **58** of **1995**);

Public Finance Management Act, **1999** (Act No. **1** of **1999**) as amended;

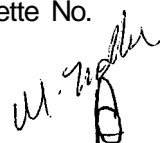
regulations, guidelines and government notices published from time to time in support or clarification of the legislation listed above.

1.11 Process of amending the constitution

The procedures for amending the constitution are documented in Section 3 of Fasset's Rules of Procedure, attached as Schedule 3. These procedures are defined in accordance with the Act and the regulations published in Government Gazette No. 24035 of 8 November 2002, governing the amendments to SETA constitutions.

1.12 Scope and coverage

Fasset shall have jurisdiction, as determined by the Minister in terms of section **9(2)** of the Act, read in conjunction with Government Gazette No.



21012 of 20 March 2000, as amended, over all training and learning and all aspects thereof in the sector, and as may be amended by the Minister from time to time.

Any undertakings having common interests or associations with the sector may participate voluntarily in the activities of Fasset under such conditions as may be determined by the management board.

2. OBJECTS, FUNCTIONS AND DUTIES OF FASSET

2.1 Objectives of Fasset

The objectives of Fasset are:

- 2.1.1.1 to develop the competence of workers in the sector;
- 2.1.1.2 to increase the levels of investment in education and training and to seek to improve the return on this investment;
- 2.1.1.3 to position the sector as the 'sector of career choice' for workers;
- 2.1.1.4 to encourage employers and workers to adopt a culture of life long learning through:
 - using the workplace as an active learning environment;
 - providing workers with the opportunities to acquire new skills;
 - providing opportunities for workers in the sector labour market and enhancing access to opportunities to gain work experience;
- 2.1.1.5 to support the objectives of the Employment Equity Act, 1990 (Act No. 55 of 1998);
- 2.1.1.6 to enhance access to learning opportunities and to facilitate the recognition of prior learning;
- 2.1.1.7 to ensure the quality of education and training in the sector;

Final Draft – April 2005

- 2.1.1.8 to expand the provision of education and training in the sector through sound partnerships with public and private sector service providers;
- 2.1.1.9 to encourage greater co-operation between the public and private sectors in relation to the development of workplace skills; and
- 2.1.1.10 to co-operate with the South African Qualifications Authority and other SETAs, in support of the objectives of the Act.

Fasset must ensure that all relevant legislation and policies are implemented in order to enable it to achieve its objectives.

2.2 Powers of Fasset

Fasset shall have all such powers as are granted to SETAs in terms of the Act, and any other applicable legislation, to enable it to perform its duties and functions and to fulfil its objectives. Without limiting the generality hereof, Fasset shall have, *infer alia*, the following powers, subject always to the applicable legislation:

to acquire assets;

to raise funds, generate income and charge fees;

to enter into contracts;

to establish rules, regulations and guidelines relating to meetings, financial matters, general procurement and operational and administrative matters;

to establish committees to assist it in its functions; and

to delegate any functions or activities to a committee or to an official of Fasset.

2.3 Functions of Fasset

Fasset will serve to:

- 2.3.1.1 facilitate strategic human resource development planning within the sector;

Confidential

*&&E

- 2.3.1.2 facilitate the proposal of education and training standards and qualifications with bodies registered with the South African Qualifications Authority and be responsible for the facilitation of the development of education and training standards;
- 2.3.1.3 monitor and audit achievements in terms of those standards and qualifications;
- 2.3.1.4 accredit providers, assessors and moderators of education and training in the sector;
- 2.3.1.5 assure the quality of education and training in the sector without itself being a provider of education and training;
- 2.3.1.6 analyse and prioritise education and training needs within the sector and develop skills development strategies to address identified priorities;
- 2.3.1.7 enhance access to learning opportunities, including:
- career paths and progression pathways;
 - national qualifications framework qualifications; and
 - learnerships;
- 2.3.1.8 manage and administer all learnerships within the sector;
- 2.3.1.9 manage the administration of levy disbursements in the sector;
- 2.3.1.10 promote a culture of learning within the sector and encourage stakeholder participation in the strategies and activities of Fasset;
- 2.3.1.11 promote and market Fasset through regular communication with all stakeholders and potential stakeholders;
- 2.3.1.12 perform any other function required by the South African Qualifications Authority in terms of Fasset's registration as an Education and Training Quality Authority; and



Final Draft – April 2005

- 2.3.1.13** perform any other function that must be performed by Fasset in accordance with the Act, the constitution or any other applicable legislation.

Fasset will specifically, in accordance with the Act:

- 2.3.1.14** develop a sector skills plan within the framework of the national skills development strategy;

- 2.3.1.15** implement a sector skills plan by:

- e approving and monitoring workplace skills plans;
- establishing learnerships;
- e allocating grants in the prescribed manner, and in accordance with any prescribed standards and criteria, to employers, education and training service providers and in respect of workers; and
- e monitoring education and training in the sector;

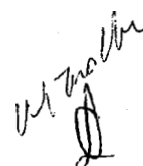
- 2.3.1.16** promote learnerships by:

- e identifying appropriate workplaces where individuals can gain practical work experience;
- e supporting the development of learning materials;
- e improving and supporting learning through the development of learning methodologies and materials;
- improving the facilitation of learning; and
- assisting in the conclusion, registration and monitoring of learnership agreements;

- 2.3.1.17** registering learnership agreements;

- 2.3.1.18** liaise with the National Skills Authority, as well as other SETAs, on issues including:

Confidential



- the national skills development strategy;
- the national skills development policy; and
- its own sector skills plan;

2.3.1.19 submit to the Director-General of Labour:

2.3.1.19.1 any budgets, reports and financial statements on its income and expenditure that it is required to prepare in terms of the **PFMA**; and

2.3.1.19.2 plans and reports on the implementation of its sector skills plan and service level agreement;

2.3.1.20 liaise with the employment services of the Department of Labour, education councils and other regulatory bodies established in terms of education laws of South Africa in order to improve the quality of information:

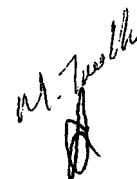
- about employment opportunities; and
- between education and training providers and the labour market;

2.3.1.21 facilitate the involvement of the relevant government departments in the activities of Fasset in order to:

- address the competency requirements for social delivery;
- address the learning needs of the most vulnerable segments of the sector; and
- promote training in Small, Medium and Micro Enterprises (SMME's) to enable them to qualify for public contracts;

2.3.1.22 subject to section 14 of the Act, appoint staff necessary for the performance of its functions;

2.3.1.23 promote the national standard established in terms of section 308 of the Act;



Final Draft – April 2005

- 2.3.1.24 perform any other duties imposed by the Act or other functions not specifically mentioned, in order to fulfil the objectives of Fasset;
- 2.3.1.25 collect the Skills Development levies, and disburse the levies allocated to it when required to do so, as contemplated in sections 8(3)(b) and 9(b) of the Skills Development Levies Act; and.
- 2.3.1.26 for each financial year, conclude a service level agreement with the Director-General concerning:
 - 2.3.1.26.1 Fasset's performance of its functions in terms of the Act and the national skills development strategy;
 - 2.3.1.26.2 Fasset's annual business plan; and
 - 2.3.1.26.3 any assistance that the Director-General is to provide to Fasset in order to enable it to perform its functions;

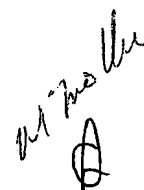
Provided that if Fasset and the Director-General cannot agree on the contents of a service level agreement within a prescribed time period, the Minister shall determine the contents after consultation with the National Skills Authority.

3. FASSET CONSTITUENCY

- 3.1 Fasset shall maintain a database of the constituency.
- 3.2 In amplification of the definition of "constituency" it is recorded that the categories of persons and entities forming the constituency are those listed in **Schedule 2** of this constitution.
- 3.3 Each constituency shall be represented by members who are sufficiently representative of designated groups.

4. MANAGEMENT BOARD

- 4.1 The management of Fasset shall be under the control of the management board.



4.2 Role and powers

The management board must retain full and effective control over Fasset, monitor the performance of the chief executive officer and management staff and ensure that decisions take place in accordance with the framework approved by the management board. The role and powers will include specifically, but will not be limited to:

providing strategic leadership;

ensuring sound governance, including appropriate risk management;

determining strategies and policies;

managing performance against agreed strategies and business plans;

appointing the chief executive officer and determining and reviewing the terms and conditions of employment;

managing the performance of the chief executive officer in accordance with agreed performance outputs;

monitoring effective financial management including the approval of budgets and all capital expenditure, fund raising and income generation;

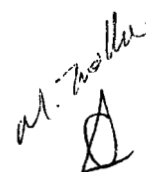
promoting the objectives and interests of Fasset;

establishing committees and chambers as is more specifically provided for in sections 12 and 13(3)(vii) of the Act;

terminating the employment of the chief executive officer or any other employee;

approving the strategic plan that is submitted to the Department of Labour for final approval; and

approving the annual budget.



Final Draft – April 2005

4.3 Composition

The management board will consist of members representing:

- 4.3.1.1 organised Labour within the jurisdiction of Fasset;
- 4.3.1.2 organised employers, including small business;
- 4.3.1.3 relevant government departments; and
- 4.3.1.4 if the Minister, after consultation with members referred to in clauses 4.3.1.1, 4.3.1.2, and 4.3.1.3, considers it appropriate for the sector:
 - 4.3.1.4.1 any interested professional body; or
 - 4.3.1.4.2 any bargaining council with jurisdiction in the sector.

As such, 17 seats will be allocated and will be comprised as follows:

- 4.3.1.5 8 employee representatives, including representatives of professional bodies, as approved by the Minister;
- 4.3.1.6 8 employer representatives, including representatives of relevant state departments and public entities; and
- 4.3.1.7 the chief executive officer, who will not have any voting rights on the management board.

The chairperson and deputy chairperson shall be elected at the first meeting of the management board from amongst their number, in accordance with the principles of a two-thirds majority vote.

4.4 Nomination process: employee constituency

The procedures for the nomination of the employee constituency of the management board are detailed in Section 4.1 of Fasset's Rules of Procedure and are in accordance with this constitution and the Act.

4.5 Election process: employer constituency

The procedures for the election of the employer constituency of the management board are detailed in Section 4.2 of Fasset's Rules of Procedure and are in accordance with this constitution and the Act.

4.6 Responsibilities of management board

All representatives either nominated or elected to the management board will be required to:

be representative of the interests of constituents in their discipline, who are registered with Fasset;

demonstrate that they fall within the appropriate constituency;

demonstrate that they have a sufficient mandate to act on behalf of the constituents they represent;

commit time and effort to attending to the affairs of Fasset;

demonstrate their involvement in and commitment to the national interests of education and training; and

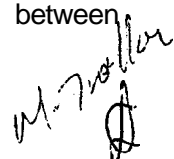
consult regularly with the constituents, whose interests they are representative of, and provide regular feedback to such constituents.

4.7 Term of office

Subject to clause 0, representatives elected to the management board will hold office for a period of ~~two~~ years, effective from 1 June in the year in which they are elected.

On 31 May of each year one half of the employee representatives and one half of the employer representatives elected to the management board shall retire from office. If the number of employee representatives or the number of employer representatives is not divisible by two then the nearest number to one half, rounded downwards, shall retire from ~~office~~.

The representatives to retire by rotation in each year in terms of clause 0 shall be those who have held office for the longest time, but as between



Final Draft – April 2005

representatives who became representatives on the same day, those to retire shall, unless they otherwise agree among themselves or unless otherwise determined by the constituency nominating them, shall be determined by lot.

Retiring representatives will be eligible for re-election at the end of their terms of office. In the event that the chairperson is re-elected to the management board such person may stand for re-appointment as the chairperson of the management board.

A representative of the management board, other than the chief executive officer, shall cease to hold office if:

- 4.7.1.1 he ceases to hold a qualification necessary under the Act or this constitution for appointment or his nomination is revoked by notice in writing to Fasset by the constituents whom he represents;
- 4.7.1.2 he resigns by notice in writing to Fasset or dies or otherwise becomes incapable of discharging his duties;
- 4.7.1.3 his estate is sequestrated, whether provisionally or finally;
- 4.7.1.4 he is found guilty of committing an offence, of which dishonesty is an element; or
- 4.7.1.5 he is removed from office, in accordance with the requirements of clause 4.13.

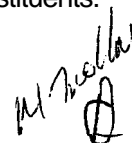
4.8 Annual general meetings and extraordinary general meetings

The management board shall convene an annual general meeting of constituents each financial year.

The management board, in consultation with the chief executive officer, shall determine the time, date and place of such meeting. The procedures for convening and running such meetings, including notification and quorum, are detailed in Section 7 of Fasset's Rules of Procedure.

The chairperson shall, at the request of not less than two-thirds of the constituents, convene an extraordinary general meeting, within 30 days of receipt of the written request thereof signed by the requisitioning constituents.

Confidential



The requisition shall include the purpose of the meeting, which shall be to transact some business that, by this constitution, is required or permitted to be transacted by Fasset. Any extraordinary general meeting shall be convened in the same manner as an annual general meeting.

4.9 Meetings of management board

The management board shall meet on at least four occasions during the financial year at such time, date and place as the management board may determine.

The chairperson of the management board may also convene additional general meetings, as may be necessary, to ensure that the management board fulfils its responsibilities to the constituency and other relevant constituents.

A representative on the management board will be required to recuse himself in the event that a conflict of interest arises. No member of the management board may vote on any issue in which a conflict of interest may exist or may arise.

The management board shall regulate its meetings as it deems fit and the procedures relating to these meetings are detailed in Section 5 of Fasset's Rules of Procedure. Alternates will not be permitted at meetings of the management board.

4.10 Voting procedures at meeting of management board

These procedures are detailed in Section 6 of Fasset's Rules of Procedure.

4.11 Office bearers

The office bearers of Fasset shall be:

- 4.11.1.1 the chairperson; and
- 4.11.1.2 the deputy chairperson;
- 4.11.1.3 the chief executive officer.



Should the chairperson be absent or incapacitated, the deputy chairperson shall perform the duties of the chairperson, except in the case of chairing EXCO, where a member of EXCO shall be elected by the members of EXCO to perform the duties of the chairperson. Should any of the office bearers be incapacitated or absent, the management board may appoint temporary office bearers. The temporary appointment will be specified in terms of both time and task. The appointment shall end at the end of the specified task or time and/or if the official office bearers become available again.

4.12 Terms and conditions of service of representatives on the management board

Representatives on the management board, excluding the chief executive officer, shall serve in a voluntary capacity and will accordingly receive no remuneration for their services other than market related reasonable travel reimbursement and, where applicable, accommodation.

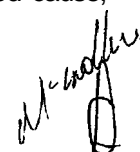
4.13 Removal from office

Where it is alleged by the constituent organisation that nominated the member, or by Fasset itself, that a representative of the management board has failed to meet the performance or behavioural standards required of such an appointment, the chairperson, or the deputy chairperson in the absence of the chairperson, (or in the event that the allegation is directed at the chairperson, the management board) will convene an enquiry.

The chairperson, or the deputy chairperson in the absence of the chairperson, may invite any person who may assist in the enquiry to participate therein. The representative against whom the complaint is made may be assisted at the enquiry by one of the constituents of the discipline that he represents. The participation of legal practitioners in such internal procedures is specifically excluded.

Notwithstanding the above, the following acts or omissions by a representative will result in the immediate removal from office of such representative:

- 4.13.1.1** failure by a representative to attend more than two consecutive meetings of the management board or EXCO, without good cause,



Final Draft - April 2005

25.

as defined by the chairperson, or the deputy chairperson in the absence of the chairperson, of the management board; or

4.13.1.2 ~~if the representative has at any time been guilty of conduct, which at common law, may result in a representative's immediate removal from the management board.~~

Any representatives so removed from office may not stand for re-election to that office.

Enquiries as contemplated in clause 4.13 above will not be convened to address the matters stipulated in clauses 4.13.1.1 and 4.13.1.2. The chairperson, or the deputy chairperson in the absence of the chairperson, will convey his decision in writing to the representative and the constituents he represents and the constituents, in turn, will be required to elect / nominate a new representative within a period of 30 calendar days of receipt of such notification.

Where a voting member of the management board is removed from office, or is no longer able to fulfil his responsibilities for whatever reason, the relevant constituency will be responsible for nominating and appointing a replacement to serve out the remaining term of office, within a period of 30 calendar days from the date of such removal.

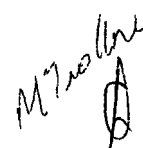
The chairperson or deputy chairperson may be removed from office according to the same conditions as described above. Should this occur, the members of the management board must within 30 calendar days, elect from the representatives currently on the management board a replacement chairperson or vice- chairperson, as the case may be, to act as the office bearers of Fasset.

5. AUDIT COMMITTEE

5.1 The management board must appoint an audit committee, consisting of two representatives from the management board, and 4 further persons who are not members of the management board, who have the necessary standing and expertise to provide the management board with assurance that risks associated with Fasset are being appropriately managed.

5.2 Audit committee external members will be appointed for a 3 year term. The management board representatives will be appointed every election year.

Confidential



Final Draft – April 2005

Audit Committee member's fees shall be approved by the management board.

- 5.3 The management board will establish the audit committee's written terms of reference in accordance with the audit charter of Fasset.
- 5.4 The audit committee **will** be required to report to the chairperson of the management board on a bi-annual basis.
- 5.5 The audit committee will meet at least on a bi-annual basis or more regularly, if the risk profile of Fasset so indicates.
- 5.6 The chief executive officer will attend audit committee meetings on the invitation of the chairperson of the audit committee. Fasset will provide secretarial services to support the audit committee in fulfilling its responsibilities.

6. EXECUTIVE COMMITTEE (EXCO)

6.1 Composition

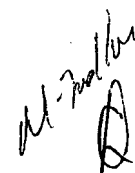
The management board will appoint an EXCO from amongst its members.

EXCO will consist of 7 representatives, being the chairperson and vice chairperson of the management board, the chairpersons of the finance and communications committees, one employer representative, one employee representative and the chief executive officer.

The chairperson of the management board or, in his absence a designee of his, will chair this committee.

6.2 Term of office

Representatives appointed to the EXCO will hold office for a period of 2 years, in alignment with the terms of office of the management board.



6.3 Meetings of the Executive Committee (EXCO)

EXCO shall meet at least 4 times a year, at such times as it may determine.

The chairperson of the management board may schedule such additional meetings as may be necessary.

EXCO will report, through the chairperson of the management board and/or the chief executive officer, to the management board on a quarterly basis.

EXCO will at no time have decision-making authority save for that authority delegated to it by the management board, which authority may be withdrawn at any time.

6.4 Meeting procedures (EXCO)

EXCO shall regulate its meetings as it deems fit. The procedures for the meetings of WCO, including quorum, minutes and chairing, are detailed in Section 8 of Fasset's Rules of Procedure. Alternates will not be permitted at meetings of EXCO.

6.5 Voting procedures

The voting procedures for EXCO are detailed in Section 8 of Fasset's Rules of Procedure.

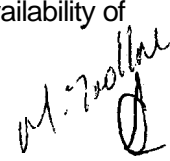
7. WORKING COMMITTEE

7.1 Composition

The management board will appoint the chairperson of the working committee from representatives on the management board.

While working committee representatives may be appointed from employer and employee organisations the need for specialist input may dictate the inclusion of Fasset employees as well as outside consultants to support the working committee's efforts.

While every effort will be made to ensure equal representation of employer and employee representatives as members of working committees, the expertise requirements of a particular committee, as well as the availability of



representatives to give sufficient effort to the work of such committees, will be the final determinants of the working committee's composition.

7.2 Role and functions of the working committees

The role and functions of the working committees, are defined in the committee terms of reference, as approved by the management board from time to time. The key role of each working committee is summarised below.

Communication working committee

The communication working committee will be responsible for developing and implementing communication policy, strategy and procedures across all **9** provinces.

Learnerships and Quality Assurance working committee

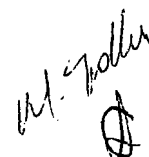
The learnerships and quality assurance working committee will be responsible for the development of all strategies, policies, processes and procedures relating to learnerships, for final approval by the management board, and the monitoring of same, as well as all strategies, policies, processes and procedures relating to the effective management of the quality assurance obligations of Fasset in its role as an Education and Training Quality Assurance Body as provided in the **SAQA Act**, and the Regulations for Education and Training Quality Assurers, No. **1127 of 1998**.

Finance working committee

The finance working committee will be responsible for the development of all strategies, policies, processes and procedures relating to the effective financial management of Fasset, for final approval by the management board, and the monitoring thereof.

Skills planning working committee

The skills planning working committee shall be responsible for the preparation and recommendation to the management board of the sector skills plan for Fasset, and for its implementation and monitoring. This



working committee will also be responsible for guiding employers in the preparation of workplace skills plans and the monitoring of such plans.

Remunerations working **committee**

The remunerations working committee shall be responsible for advising the management board on matters relating to remuneration, so that the management board may develop consistent, fair and impadial strategies, policies, procedures and processes for the compensation **of** its staff in order to attract, motivate and retain talented people.

Other working committees

The management board may create or convene any other working committee that it may deem necessary in support of the performance of its duties and responsibilities in terms of this constitution.

7.3 Term **of** office

The working committee representatives shall be appointed and will function for a period of 2 years, in alignment with the term of office of the management board.

Where outside consultants are appointed to a working committee, independent fixed term contracts must **be** entered into, clearly specifying the outputs required in terms of the contract and the fees that will **be** payable upon delivery of the output.

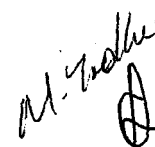
7.4 Meetings **of** the working **committees**

A working committee shall meet as regularly as shall be required for that committee to fulfil its obligations, as detailed in the business plan and the committee terms of reference.

7.5 Meeting procedures

The working committees shall regulate their meetings, as they deem fit.

The chairperson shall cause a record to be kept of all meetings, in accordance with accepted company secretarial procedures.



Final Draft – April 2005

7.6 Office bearers

The management board will appoint representatives from the management board to serve as the chairpersons of the respective working committees.

7.7 Terms and conditions of representatives on the working committees

The management board will determine the terms and conditions of representatives.

8. CHAMBERS

Fasset may, with the Minister's approval, establish chambers in accordance with section 12 of the Act. All arrangements in respect of convening meetings, conducting meetings, meeting quorums required, voting rights, minute taking and decision-making for chamber executive and chamber working committees shall be consistent with the provisions outlined above and will be formally documented and approved by the management board.

9. ADDITIONAL CORE CORPORATE GOVERNANCE REQUIREMENTS

9.1 Corporate governance and the PFMA

As a Schedule 3A public entity, Fasset must comply with all provisions pertaining to sound financial management as detailed in section 14 of the Act and the relevant sections of the PFMA.

It is the duty of the management board to present a balanced and understandable assessment of Fasset's position in communicating with stakeholders. The information must be consistent with the guidelines of openness and substance over form. Communication should address, in a timely manner, material matters of interest and concern to all stakeholders. Reports and communications must be made in the context of society's demands for greater transparency and accountability.

The management board is accountable for ensuring that Fasset has effective internal controls in place aimed at reducing, in a cost-effective manner, risk or loss. These controls include the proper delegation of responsibilities, effective accounting procedures and the adequate segregation of duties.

Confidential



9.2 Human **resource** management

Fasset is an Investor In People and, as such, the management board will ensure that Fasset, as an employer:

implements practices that lead to the effective sharing of relevant information to enable employees to gain a better understanding of Fasset and in particular, its code of conduct;

conducts effective consultation with employees before Fasset takes decisions that affect these employees;

has in place a process to identify and resolve conflict situations in a timely manner; and

has in place an effective employment equity programme, which **will** be monitored by the management board on a bi-annual basis.

10. CODE OF CONDUCT

10.1 Constituents, **representatives** of the management board, executive committee, working committees, and employees of Fasset are subject to Fasset's code of conduct, a copy of which will be made available on request, and are expected to comply with both the letter and the spirit of the code.

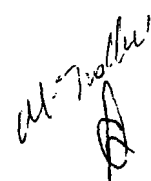
10.2 Policy

Fasset is committed to a policy of fair dealing and integrity in the **conduct** of its business. This commitment, which is actively endorsed by the management board, is based on a fundamental belief that Fasset's affairs should be conducted honestly, fairly and legally. Fasset expects all constituents, representatives and employees to share in its commitment to high moral, ethical and legal standards and be aware of and adhere to Fasset's Code of Conduct policy.

A constituent, representative or employee must, in the exercise of his responsibilities:

10.2.1.1 comply with all applicable laws and regulations which relate to his activities for and behalf of Fasset;

Confidential



Final Draft – April 2005

- 10.2.1.2 act honestly and in good faith;
- 10.2.1.3 perform duties conscientiously and in the best interests of Fasset;
- 10.2.1.4 ensure that a conflict or an appearance of conflict does not arise between Fasset's interests and their personal interests;
- 10.2.1.5 declare any such conflicts of interests as provided for in 10.3;
- 10.2.1.6 exercise reasonable care and diligence;
- 10.2.1.7 not make any improper use of any information acquired as a constituent, representative or employee; and
- 10.2.1.8 promote the interests and advance the objects of Fasset.

10.3 Disclosure of interests

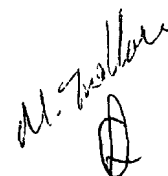
A constituent, representative or employee of Fasset who is directly or indirectly interested in any business of Fasset or the committee of which he is a member, or who holds any office or possesses any property which might cause a conflict of interest or duties or such possible perception, must declare such interest or potential conflict.

A constituent, representative or employee of Fasset or of any committee must disclose any conflict of interest or duties, or such possible perception, to the management board as soon as practicable after he becomes aware of the relevant facts and shall not partake in the discussion or decision in relation thereto.

A constituent, representative or employee must not take part in any transaction between Fasset and any company, firm or enterprise in which he, or any member of his family, has an interest without declaring such interest and having been specifically authorised by the management board to do so.

All disclosures made to a meeting of the management board, must be recorded in the minutes of such meeting as well as the related decision and motivation therefore.

Confidential



10.4 Confidentiality and non-disclosure

A constituent, representative or employee shall not, while he is a constituent, ~~representative or employee of Fasset~~, or thereafter:

disclose to any person any information, which he acquired while exercising or performing any functions or duties, which is confidential to Fasset, any of its committees, or any other constituent or to any employer or employee in the sector. Such information may only be disclosed if it must be disclosed in terms of the Act, the Skills Development Levies Act, any other applicable law or an order of court;

copy or reproduce, by any means, such secret or confidential information for use otherwise than by the officials of Fasset unless authorised or instructed to do so by the management board.

Hand over of documents

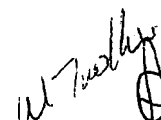
A constituent, representative or employee shall hand over to the chief executive officer, upon the termination of his participation, term of office or employment, all papers, drawings, plans, recording tapes, samples, models and any other information, equipment or accessories in his possession or under his control which may contain secret or confidential information or which relates to or are in any way connected to the business and affairs of Fasset or any of Fasset's constituents.

10.5 Assignment of patent rights to Fasset

A constituent, representative or employee of Fasset will be required, free of any consideration, forthwith to disclose to Fasset all discoveries, processes and inventions and assign to Fasset all his rights in and to such discoveries, processes and inventions made or conceived by him in the course and within the scope of his involvement in any of the affairs of Fasset and whether alone or in conjunction with others, relating to or useful to any business carried out by Fasset.

11. TAKING OVER ADMINISTRATION OF AUTHORITY

1. The Minister may, after consultation with the NSA and the Authority concerned, by notice in the Government Gazette direct the Director-



Final Draft – April 2005

General to appoint an administrator to take over the administration of the Authority or perform the functions of the Authority if the Minister is of the opinion that –

- (a) the Authority fails to perform its functions;
- (b) there is mismanagement of the Authority's finances;
- (c) the Authority's membership no longer substantially represents the composition contemplated in clause 4;
- (d) the Authority has failed to comply with its service level agreement; or
- (e) the Authority has failed to comply with an instruction by the Minister in terms of section 14B of the Act.

2. The Director-General must publish a notice in the Government Gazette appointing an administrator and in that notice the Director-General–

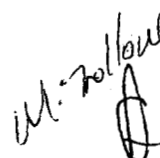
- (a) must ~~determine~~ the powers and duties of the administrator, which may include the performance by the administrator of the Authority's functions in terms of the PFMA;
- (b) may suspend or replace one or members of the Authority for a reason contemplated in clause 1;
- (c) may suspend the operation of the Constitution of the Authority; and
- (d) may direct the transfer of all or some of the funds in the Authority's bank account to the National Skills Fund.

3. If a notice is published in terms of clause 1 the Minister may, to assure that the Authority resumes the performance of its functions –

- (a) amend its constitution;
- (b) reinstate any of its members; and
- (c) withdraw or amend any provision of the notice mentioned in clause 0 on such conditions that the Minister considers appropriate.

4. The Minister may act in terms of clause 1 without consulting the NSA and the Authority ~~if there is~~ financial mismanagement of the Authority and the delay caused by the consultation would be detrimental to the Authority's capacity to perform its functions.

Confidential

A handwritten signature in black ink, appearing to read 'M. Zolnow' with a stylized flourish at the end.

Final Draft – April 2005

Schedule 1

SCOPE OF COVERAGE OF FASSET

- | | |
|--------------|---|
| 81904 | Investment entities and trusts |
| 83110 | Administration of financial markets |
| 83120 | Security dealing activities |
| 83121 | Stock broking activities |
| 83180 | Development corporations and organizations |
| 83190 | Activities auxiliary to financial intermediation n.e.c. |
| 88101 | Tax services |
| 88102 | Asset portfolio management |
| 88103 | Company secretary services |
| 88120 | Accounting, bookkeeping and auditing activities; tax consultancy |
| 88121 | Activities of accountants and auditors registered in terms of the Public Accountants' and Auditors' Act |
| 88122 | Activities of cost and management accountants |
| 88123 | Bookkeeping activities, including relevant data processing and tabulating activities |
| 88140 | Business and management consultancy activities |
| 91108 | South African Revenue Service (SARS) |
| 9110E | Departments of state expenditure and finance, |

Together with such further categories of employers as may be determined from time to time by the Minister.

n.e.c. = Not elsewhere classified

Confidential

M. T. Miller

Final Draft – April 2005

Schedule 3



SETA FOR FINANCE,
ACCOUNTING,
MANAGEMENT CONSULTING
AND OTHER
FINANCIAL SERVICES

RULES OF PROCEDURE

Signed: 
Fasset Chairperson

Signed: 
Fasset CEO

February 2004

Final Draft ~ April 2005

38.

INDEX

Page No.

RULES OF PROCEDURE.....	37
■ _ Overview	39
2. Amendments to the Constitution	39
3. Management Board Election/Nomination Process	40
3.1 employee constituency	40
3.2 employer constituency	41
4. Meetings of the Management Board	43
5. Voting Procedures of the Management Board.....	43
6. Annual General Meetings	44
7. Meetings of the Executive Committee (EXCO)	44

Confidential

M7.
A

1. Overview

The aim of this document is to detail the specific procedures for the effective management and running of the Fasset committees and governing structures.

2. Context

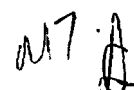
- 2.1 The Fasset constitution, as accepted by the Minister, is the principle and guiding document for all issues relating to the management and governance of Fasset. This document, which will be deemed to form part of the constitution, is designed as a support in order to detail those elements of procedure not contained in the constitution and as are required by Section 13 of the Skills Development Act, No 97 of 1998, as amended ("the Act").
- 2.2 The objectives of these Rules of Procedure are to create consistent and effective procedures to ensure the most efficient and effective governance and management of Fasset.
- 2.3 Terms defined in the constitution will have the same meaning in these Rules of Procedure.

3. Amendments to the Constitution

- 3.1 Where a constituent or the Department of Labour wishes to submit a proposal to amend the constitution, such submission must be made in writing to the management board.
- 3.2 Upon receipt of the submission, the management board will, within a period of 30 calendar days, communicate the submission in writing to all constituents of Fasset and at the same time convene an extraordinary general meeting of constituents in the same manner, as is provided in section 7 of the Rules of Procedure and clause 4.8 of the constitution, for the purpose of considering and, if deemed appropriate, of adopting the proposed amendment.
- 3.3 Notwithstanding the provisions of 3.1 and 3.2 above, the constitution may be amended only:

in accordance with the regulations published in Government Gazette No. 24035 of 8 November 2002 stating that Fasset must submit to the Minister, in

Confidential



duplicate, the text of the proposed amendments to the constitution, a certified copy of its resolution approving the proposed amendments and a brief memorandum explaining the rationale for such amendments; and

by a majority vote of the constituents present at a general meeting.

3.4 The Minister may, after considering the submission and after consultation with Fasset, wholly or in part effect the amendments proposed by Fasset by notice in the Government Gazette.

3.5 Notwithstanding anything contained in this section **3** of the Rules of Procedure, the Minister may amend the constitution in accordance with the Act and the regulations published in Government Gazette No. **24035** of **8** November 2002, governing the amendment to SETA constitutions.

3.6 If the Minister wishes to amend the constitution, he or she must submit to Fasset the text of the proposed amendments, together with a memorandum explaining the rationale for such amendments. The management board is entitled, within 30 working days, to make written representations concerning the proposed amendments. After considering such representations, the Minister may, wholly or in part, effect his proposed amendments by notice in the Government Gazette. The Minister must thereafter submit to Fasset a certified copy of any amendments to its constitution and direct the Director-General of Labour to retain a certified copy of such amendments.

3.7 Fasset must retain an updated version of its constitution, which indicates the date on which any amendments to the constitution took effect.

3.8 Whenever Fasset's constitution is amended, Fasset must supply the Director-General of Labour with a copy of its updated constitution, which must reflect the latest amendment.

4. Management Board Election and Nomination Processes

4.1 employee constituency

Having regard to the limited number of trade unions presently operating in the sector, and the need to ensure adequate employee representation, an arrangement will be

Final Draft – April 2005

implemented whereby the seats allocated to employee representatives will be assigned as follows:

- 4.1.1.1 4 seats will be allocated to representative trade unions; and
- 4.1.1.2 4 seats will be allocated to representatives nominated from employee organisations, including the professional bodies, who represent the interests of their constituents.

The employee constituency, which includes employee organisations, trade unions, and professional bodies, will submit the names of the employee representatives nominated by them to represent their interests on the management board.

By not later than 31 **March** in each year the chief executive officer of Fasset will inform the trade unions and professional bodies of the call for nominations by means of a notice to all members of the employee constituency of Fasset and the placing of an advertisement in the national press.

By not later than 30 **April** in each year the employee organisations, trade unions and professional bodies must forward a list of the candidates they have nominated to represent their interests to the chief executive officer.

The representatives so appointed will take up office from 1 June of each year and, subject to the constitution, will hold office for a period of 2 years. Retiring representatives will be eligible for re-nomination,

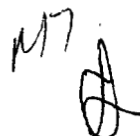
4.2 employer constituency

Representatives of the employer constituency, which includes employers registered with and paying levies to Fasset and the relevant state departments and public entities, will elect employer representatives subsequent to a proper process of nomination.

The election process to be followed is:

- 4.2.1.1 The Chief executive officer will inform the constituents of the call for nominations;
- 4.2.1.2 By not later than 31 **March** of each year nominations will be returned to Fasset in the form that has been designed for this purpose;

Confidential



4.2.1.3 Voting will be restricted to those disciplines in which more than one candidate has been nominated. By not later than 30 *April* of each year, ballot papers will be sent to all constituents in the form that has been designed for this purpose;

4.2.1.4 Ballot papers will be returned and accepted from all levy-paying constituents of Fasset. This will be done by not later than 37 *May* of each year.

The duly nominated representatives will take up office from 1 *June* of each year and, subject to the constitution, will hold office for a period of 2 years.

In respect of the 8 employer seats on the management board:

4.2.1.5 The disciplines detailed below will each be entitled to occupy a single seat:

- (a) Large accounting and auditing practices;
- (b) Small accounting and auditing practices;
- (c) Business and management consulting;
- (d) State departments and public entities representing the Provincial Treasuries, the National Treasury, the Auditor-General and the South African Revenue Services;
- (e) Investment entities and trusts;
- (f) Stock brokers, the JSE Securities Exchange South Africa, securities exchanges including the Bond Exchange of South Africa and the South African Futures Exchange; and
- (g) Taxation services.

4.3 Where nominations are not received **from** one of the disciplines, the seat will automatically be allocated as an employer seat and any constituent may nominate a candidate to stand for election to this seat.

4.4 The management board reserves the right to amend the list of disciplines that will comprise the 8 employer seats on the management board.

Confidential

M7-A

5. Meetings of the Management Board

- 5.1 The quorum necessary for the transaction of business at the management board shall be 50% of the representatives, present at the commencement and throughout the meeting.
- 5.2 The management board may act, despite representative vacancies, so long as there are sufficient representatives to form a quorum.
- 5.3 Acts ~~or~~ decisions of the management board will not be invalid only because of a defect or irregularity in the appointment of a representative, or the election of the chairperson or other office bearers.
- 5.4 If within half an hour after the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to a day not earlier than 7 calendar days and not later than 30 calendar days after the date of the meeting, at the same place and time. If no quorum is then present within half an hour after the time appointed for the adjourned meeting, the representatives then present shall constitute a quorum and may transact the business for which the meeting was called. The chairperson shall give notice in writing to all members of the management board of the time, date and venue of the adjourned meeting.
- 5.5 The chairperson or the deputy chairperson, acting in the place of the chairperson, shall preside at meetings of the management board.
- 5.6 The chairperson shall cause minutes to be kept of all meetings, in accordance with accepted company secretarial procedures.

6. Voting Procedures of the Management Board

- 6.1 At all meetings of the management board:
- Each representative on the management board, excluding the chief executive officer, shall have one vote;
- Proxy votes will not be allowed;
- All questions and issues of business shall be determined by a two-thirds majority vote.

Confidential

m7
d

Final Draft – April 2005

- 6.2 An entry in a book containing the minutes of the management board, signed by the chairperson, shall be conclusive evidence of the fact. without proof of the vote recorded in favour of or against any such resolution, that a resolution by the chairperson at the meeting has been approved.

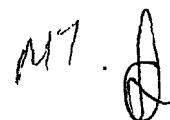
7. Annual General Meetings

- 7.1 The management board shall convene an annual general meeting of constituents each financial year, within 6 months after the end of the financial year.
- 7.2 The time, date and place of such meeting shall be determined by the management board, in consultation with the chief executive officer.
- 7.3 Constituents must be given at least 30 calendar days' written notification of the annual general meeting.
- 7.4 The management board will be responsible for ensuring that the agenda and any other documentation pertinent to the annual general meeting are made available to the constituents.
- 7.5 The quorum for an annual general meeting will be 20 constituents registered with Fasset. If, within half an hour after the time appointed for the meeting, a quorum is not present, the annual general meeting shall stand adjourned to a day not earlier than 7 calendar days and not later than 30 calendar days after the date of the annual general meeting at the same place and time. If no quorum is then present within half an hour after the time appointed for the adjourned annual general meeting, the constituents then present shall constitute a quorum and may transact the business for which the annual general meeting was called. The chairperson shall give written notice to all constituents of the time, date and venue of the adjourned meeting.

8. Meetings of the Executive Committee (EXCO)

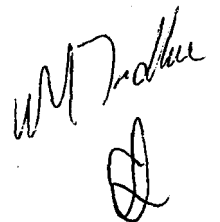
- 8.1 The quorum necessary for the transaction of business shall be at least 4 representatives present at the commencement and throughout the meeting.
- 8.2 EXCO may act despite representative vacancies, so long as there are sufficient representatives to form a quorum.

Confidential



Final Draft – April 2005

- 8.3** If, within half an hour after the time appointed for the meeting, a quorum is not present, the meeting shall stand adjourned to a day not earlier than 7 calendar days and not later than 30 calendar days after the date of the meeting at the same place and time. If no quorum is then present within half an hour after the time appointed for the second meeting, the representatives then present shall constitute a quorum and may transact the business for which the meeting was called. The chairperson shall give notice to all members of the management board of the time, date and venue of the adjourned meeting.
- 8.4** In the event of the absence of the chairperson of the Board, one of the representatives of the committee, as designated by the chairperson, will be required to preside over the meeting.
- 8.5** The chairperson shall cause minutes to be kept of all meetings, in accordance with accepted company secretarial procedures.
- 8.6** At all meetings of EXCO:
- each representative of EXCO, including the chief executive officer, shall have one vote;
- proxy votes will not be allowed;
- all questions and issues of business shall be determined by a two-thirds majority vote; and
- an entry in a book containing the minutes of EXCO meetings, signed by the chairperson of the committee, shall be conclusive evidence of the fact, without proof of the vote recorded in favour of or against any such resolution, that a resolution at the meeting has, on a show of hands, been approved.



Schedule 2**FASSET CONSTITUENCY**

1. Employers registered with and paying levies to Fasset whose main business activities fall within the standard industrial classification categories as outlined in clause 1.1 of the constitution.
2. Trade unions, whose constituents carry on their business in the sector, including but not limited to the National Education, Health and Allied Workers Union (NEHAWU) and the Public Servants Association of South Africa (PSA).
3. Government departments whose main activities fall within the standard industrial classification categories as outlined in clause 1.1 of the constitution, including but not limited to, the National and Provincial Treasuries and the Departments of State Finance.
4. Employee organisations including the professional bodies (subject to the approval of the Minister) and organised employee bodies whose constituents are employed in the sector.

