



HRDC
Human Resource Development Council

BOARD CHARTER
OF THE
HUMAN RESOURCE DEVELOPMENT COUNCIL
OF MAURITIUS

ADOPTED BY THE BOARD ON 30th SEPTEMBER 2022

**HUMAN RESOURCE DEVELOPMENT COUNCIL
BOARD CHARTER**

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HUMAN RESOURCE DEVELOPMENT COUNCIL

HRDC - Board Charter

1. Introduction

This Board Charter has been prepared in compliance with the National Code of Corporate Governance 2016 of Mauritius. The provisions of this Board Charter (*hereinafter referred to as the "Charter"*) are complementary to the requirements contained in the Human Resource Development Act and any applicable laws. Where there is any contradiction with the laws prevailing in Mauritius, the latter shall prevail.

Subject to the Human Resource Development Act 2003 and as subsequently amended (*hereinafter referred to as the "HRDA"*) and other relevant Acts and legislations, the purpose of this Charter is to define the way in which the Board or Council of the Human Resource Development Council (*hereinafter referred to as the "Board"*) conducts its functions. It specifies the distribution of responsibilities from the Board to its committees and to Management. The Board is committed to meeting high standards of corporate governance and ensures that the Human Resource Development Council (*hereinafter referred to as the "HRDC"*) complies with the relevant parts of the National Code of Corporate Governance 2016 (*hereinafter referred to as the "Code"*).

Inception and History of HRDC

The HRDC is a body corporate set up by the Government of Mauritius in 2003 through the enactment of the Human Resource Development Act. The HRDC has been vested with the responsibility to look after and promote the development of the labour force in Mauritius in line with the requirements of growing economy. The establishment of the HRDC in 2003 was inspired by recommendations of a report on National Integrated Training Strategy, prepared by a consultant from the International Labour Organisation ILO).

As per provisions of the HRD Act, the HRDC operates under the aegis of the Ministry to which the responsibility for the subject of human resource development is assigned. Also, as per HRD Act, the Minister to which the responsibility for the subject of human resource development is assigned, is entrusted with powers under the HRDA and may give such directions of a general character to the Council, not inconsistent with this Act, as he considers necessary in the public interest, and the Council shall comply with those directions. At August 2022, the HRDC was operating under the aegis of the Ministry of Labour, Human Resource Development and Training.

2. Objectives of the HRDC:

The objects of the HRDC, as provided under section 4 of the HRDA, are to:

- (a) promote human resource development in line with national economic and social objectives;
- (b) stimulate a culture of training and lifelong learning at the individual, organisational and national levels for employability and increasing productivity; and
- (c) provide the necessary human resource thrust for successful transformation of the economy of the country into a Knowledge Economy.

Functions of the HRDC

The functions of the HRDC, as laid out under section 5 of the HRDA, are to:

- (a) advise the Minister on the formulation of human resource development policies and strategies;
- (b) establish linkages between the education and training systems and the workplace;
- (c) provide a forum for constant dialogue and consensus building among stakeholders on all matters relating to human resource development;
- (d) take appropriate measures to reduce the mismatch between demand and supply of human resource;
- (e) commission research in the field of human resource development;
- (f) encourage employers to invest in the training of their employees with a view to upgrading their skills and acquiring new skills;
- (g) initiate and monitor studies on the relevance and impact of training activities in relation to the socio-economic development of the country;
- (h) promote knowledge management and benchmarking at enterprise and national levels with a view to improving the effectiveness of human resource development;
- (i) identify and monitor the implementation of appropriate skills development and apprenticeship schemes and programmes;
- (j) monitor the participation of employers, employees, and job seekers in training schemes and programmes;
- (k) develop schemes for retraining and multi-skilling;
- (l) provide incentives for training institutions to acquire and upgrade their equipment and facilities;
- (m) manage the National Training Fund; and
- (n) perform such other functions as are necessary to further the objects of the Council.

Vision of HRDC:

The vision of the HRDC is "To be at the forefront of human capital development".

Mission of the HRDC:

The mission of the HRDC is "To mainstream institutional synergies for human capital development".

Core Values of the Board:



3. The Board

This Charter provides the terms of reference for the Board and describes how the Board operates. As the focal point of the corporate governance system, the Board must have clear and well-defined objectives, and these are set out in this Charter.

The role of the Board is to elaborate policies and strategies to enable the HRDC to attain its objects and fulfill its functions under the Human Resource Development Act. The Board is responsible for providing leadership and strategic input into projects, reviewing the organisation's performance and ensuring that appropriate resources are in place to enable the HRDC to meet its objectives. The Board is collectively responsible for the organisation's long-term success, reputation and governance. While the Board has overall control and management, it has delegated a range of its responsibilities to its sub-committees and the Chief Executive Officer. Each sub-committee operates within clearly defined terms of reference.

The role of the Board includes the following:

- a) to approve, monitor, review and evaluate the implementation of the strategies and policies;
- b) to ensure that the HRDC complies with the highest standards of governance and that it has an effective system of controls in place so that risks are properly assessed and managed;
- c) to ensure that communication of all material information to the stakeholders are conducted in a transparent way; and
- d) to take any decision(s) in accordance with the HRDA and relevant Acts.

Powers of the Board as per HRDA

As provided under section 6 of the HRDA, the Board may do such things as appear requisite and advantageous in furtherance of its objects and may, in particular:

- a) acquire, hold and dispose of assets;
- b) employ its funds to defray expenses in connection with the performance of its functions;
- c) impose a training levy on employers;
- d) charge or waive fees in respect of any services provided by the HRDC; and
- e) receive grants-in-aid and donations.

The Board may, with the approval of the Minister, make such regulations at it thinks fit for the purposes of the HRD Act. Regulations may provide for the levying of fees and taking of charges.

Composition of the Board

The Council (*hereinafter referred to in this Charter as the "Board"*) is set up in line with Section 3(1) of the HRD Act by the Minister to whom responsibility for the subject of human resource development is assigned.

As stipulated in the HRDA, the size of the Board is twelve (12) and the quorum is six (6). The Board consists of:

- (a) a Chairperson, appointed by the Minister (to whom responsibility for the subject of human resource development is assigned) in consultation with Business Mauritius;
- (b) the Financial Secretary or his representative;
- (c) a representative of the Ministry responsible for the subject of education;
- (d) the Permanent Secretary of the Ministry responsible for the subject of labour or his representative;
- (e) the Chief Executive Officer of the Economic Development Board established under the Economic Development Board Act 2017, or his representative;
- (f) a representative of the Prime Minister's Office;
- (g) 3 representatives of the key economic sectors, appointed by the Minister (to whom responsibility for the subject of human resource development is assigned) after consultation with the Business Mauritius;
- (h) one representative of registered trade unions from the private sector, appointed by the Minister to whom responsibility for the subject of human resource development is assigned; and
- (i) 2 persons having experience in the field of human resource development, appointed by the Minister to whom responsibility for the subject of human resource development is assigned.

Appointment of the Board & Terms of Office

Section 3(1) of the HRDA provides for the Minister, to whom responsibility for the subject of human resource development is assigned, to appoint a Chairperson on such terms and conditions he may deem fit, and a maximum of eleven (11) other members on such terms and conditions he deem fit.

The Chairperson and all other members of the Board, except the ex-officio members, shall hold office for a period of two (2) years and shall be eligible for re-appointment.

Remuneration of the Board

Pursuant to section 7(3) of the HRDA, every member of the Board shall be paid by the HRDC such remuneration and allowances as the Minister, to whom responsibility for the subject of human resource development is assigned, may determine.

Conduct of proceedings of the Board

Section 8 of the HRDA provides for the conduct of proceedings of the Board and entrust the Board the responsibility to regulate its meetings and proceedings in such manner as it may determine.

Frequency: The Board shall meet as often as necessary, but at least once every month at such time and place as the Chairperson may direct.

Venue:

A meeting of the Board may be held either:

- a) by a number of the members who constitute a quorum being assembled together at the place, date and time appointed for the meeting; or
- b)** by means of audio or audio-visual communication by which all the members participating and constituting a quorum can simultaneously hear each other throughout the meeting.

The Chairperson shall call a meeting of the Board within 7 days of the receipt of a written request for that purpose addressed to him by any 3 other members of the Board.

Notice and Agenda:

The agenda for a meeting is normally sent to all Board members at least two (2) full calendar days before the meeting. For each item on the agenda, a Board Paper is normally prepared and communicated to all members at least two (2) full calendar days before the meeting.

The Chairperson shall consult with the Chief Executive prior to convening the meeting on the content of the agenda. Each Board member and the Chief Executive may request that an item be placed on the agenda for a Board meeting, provided the item is notified to the Chairperson at least three (3) full calendar days prior to the meeting.

Quorum and decision:

The quorum at any meeting of the Board shall constitute of six (6) members, as provided under section 8(3) of the HRDA.

Everything authorized and required to be done by the Board shall be decided by a simple majority of the members present and voting.

A resolution in writing, signed or assented to by all members entitled to receive notice of a meeting, shall be as valid and effective as if it had been passed at a meeting duly convened and held.

Any such resolution may consist of several documents including facsimile, electronic mail or other similar means of communication, each signed or assented to by one (1) or more members.

Chairperson of meeting:

Board meetings shall be presided over by the Chairperson of the Board. In the absence of the Chairperson, members present shall elect a member to act as Chairperson for that meeting.

Board attendance:

In addition to Board members, the Board may co-opt such other person as may be of assistance in relation to any matter before the Board. However, any co-opted person shall not have the right to vote on any matter before the Board.

Minutes of Proceedings of Meeting:

Minutes must be drawn up for every Board meeting and for every resolution adopted outside a physical meeting. The minutes are to be signed by the Chairperson and the Secretary of the Board meeting and brought on records at the seat of the HRDC. The Secretary shall be responsible for the drafting of minutes of all relevant meetings. Each member of the Board shall receive a copy of the minutes.

4. Duties and Powers of the Board:

General responsibilities:

The HRDC shall be administered and managed by the Board. The Board oversees the general business of the HRDC and is responsible for such supervision and oversight.

The Board acts in the interest of the HRDC: The Board shall act in the best interest of the HRDC, taking into consideration the HRDC's statutory objectives and functions as provided under sections 4 and 5 of the HRDA.

Action in concert: As much as they can, within their individual responsibilities as members of the Board, members shall act and speak in concert with respect to important affairs of HRDC and matters of principle.

Majority decision: Everything authorised or required to be done by the Board shall be decided by a simple majority of the members present and voting.

Preference for unanimity: The Board members shall try to unanimously adopt resolutions. However, Board members are encouraged to voice dissenting opinions and record these in the minutes when unanimity cannot be reached.

Provision on information: The management shall ensure that information required to discharge their functions is provided to the Board and its committees in a timely manner.

Access to additional information: The Board and each individual member may request any additional information required to carry out their duties, from, inter alia, the management, the internal and external auditors. If the Board deems it is necessary, it may obtain information from external advisers of the HRDC.

Each member of the Board should have access to the records of the HRDC, if useful, to perform his duties.

The Board may co-opt such other person as may be of assistance in relation to any matter before the Board. Any person co-opted shall not have the right to vote on any matter before the Board.

Use of experts: The Board may hire experts to assist or advise them. The cost of such experts shall be agreed upon by the Board and shall be paid by the HRDC. A Board member may rely upon the advice of a relevant expert so long as the member has no reason to question the expert's report or conclusion.

Duties Regarding the Supervision of Management:

In supervising the management, the Board shall consider:

- a) the achievement of the HRDC's objectives;
- b) the strategies and risks in the HRDC's activities;
- c) the structure and operation of the internal risk management, audit and control systems;
- d) the financial reporting process;
- e) compliance with laws and regulations; and
- f) any such matters as the Board may deems necessary.

Supervision of Financial Reporting: The Board supervises compliance with procedures for the preparation and publication of the Annual Report and accounts, as well as, any other financial information not later than 4 months after the close of every financial year in accordance with section 27 of the HRDA and provisions of the Statutory Bodies (Accounts and Audit) Act.

The Board, through the Audit Committee, also supervises the internal control and audit mechanisms for external financial reporting. The appointment of members of an Audit Committee is a matter for the Board to decide.

External Auditor: Section 30(5) of the HRDA stipulates that the external auditor of the HRDC shall be the Director of Audit – National Audit Office. The external auditor shall receive any financial information underlying the annual financial reports and other interim financial reports, and shall be given the opportunity to respond to all information provided.

The Board's principal contact with the external auditor is through the Audit Committee. If any irregularities in the financial reports are detected, the first discussion regarding such irregularities should be engaged between the Audit Committee and the external auditor.

Recommendations by External Auditor: The Board shall carefully consider any recommendations made by the external auditor and if accepted, put them into effect. This will include recommendations by the external auditor on the HRDC’s internal controls as expressed in the ‘management letter’.

Confidentiality Duty to keep information confidential: Unless required to do so by law, no Board member shall, during his membership on the Board or afterwards, disclose any information of a confidential nature regarding the business and operations of the HRDC.

A Board member shall not use such confidential information for his personal benefit.

Return of confidential information: At the end of each Board member’s term of office, he shall return all confidential documents in his possession to the HRDC or guarantee their disposal in a manner that ensures confidentiality is preserved.

5. Senior Governance Positions

The Chairperson

The Chairperson is appointed in line with section 7 of the HRDA.

The Chairperson shall act as the spokesperson of the Board and is the principal contact for the Chief Executive. The Chief Executive and the Chairperson of the Board shall interact regularly and discuss all major issues, emerging policies, contentious matters and matters likely to set significant precedent.

The Chairperson is, inter alia, responsible for:

- a) chairing Board meetings;
- b) upholding rigorous standards of preparation for meetings;
- c) running the Board and ensuring its effectiveness in all aspects of its role including regularity and frequency of meetings;

- d) setting the Board agenda, taking into account the issues and concerns of all Board members;
- e) ensuring that there is appropriate delegation of authority from the Board to committees and the Chief Executive;
- f) encouraging that all Board members are engaged in Board and committee meetings by drawing on their skills, experience, knowledge and, where appropriate, with independence;
- g) ensuring that Board members receive accurate, timely and clear information, including that of the HRDC's current performance, to enable the Board to take sound decisions, monitor effectively and provide advice to promote the advancement of the HRDC;
- h) managing the Board to allow enough time for discussion of complex or contentious issues and also to consider critical issues and obtain answers to any questions or concerns Board members may have and are not faced with unrealistic deadlines for decision-making;
- i) ensuring that the decisions by the Board are executed;
- j) facilitating the effective contribution of Board members and encouraging active engagement by all members of the Board;
- k) ensuring constructive relations between the Board members and the Chief Executive;
- l) ensuring that new Board members participate in a full, formal and tailored induction programme, facilitated by the Management;
- m) ensuring that the development needs of each Board member are identified and that these needs are met. Board members shall be able to continually update their skills, knowledge and familiarity with the HRDC as required to fulfil their role on the Board and its committees;
- n) mentoring to develop skills and enhance Board members' confidence and encourage them to speak up and make an active contribution at meetings;
- o) identifying the development needs of the Board as a whole to enhance its overall effectiveness as a team;
- p) assessing the performance of its Board members;
- q) ensuring that the minutes of Board and committee meetings are kept;
- r) ensuring the proper functioning of all committees; and
- s) addressing any internal disputes and conflicts of interest concerning individual Board members and any possible resignation of such members as a result thereof.

The Chief Executive

Section 13 of the HRDA provides for the role of the Director (referred to as the Chief Executive in this Board Charter).

As per provisions of Section 13 of the HRDA, the Chief Executive is appointed by the Board with the approval of the Minister, on such terms and conditions as it may determine.

Section 13 of the HRDA provides that the Chief Executive shall:

- a) provide technical and professional support to the Board;
- b) monitor and ensure the proper implementation of the programme of work of the HRDC;
- c) prepare such papers, documents and studies as may be requested by the Board;
- d) be responsible for the execution of the policy of the Board and for the carrying out, controlling and managing of the day-to-day business and activities of the HRDC; and
- e) carry out such other duties as may be entrusted to him by the Board.

The Chief Executive shall be responsible for the execution of the policy of the Board and for the control and management of the day-to-day business of the HRDC. The Chief Executive shall perform his statutory duties and act in accordance with such directions from the Board. The Chief Executive shall, unless otherwise directed by the Board, attend every meeting of the Board and other committees and may take part in its deliberations but shall not have the right to vote on any matter before the Board.

In exercising his functions, the Chief Executive shall act in accordance with such directions as he may receive from the Board.

All staff of the HRDC shall be under the administrative control of the Chief Executive. The Chief Executive shall exercise all powers attributed to him by law and as delegated by the Board.

The Secretary

The appointment, removal and remuneration of the Secretary shall be a matter for the Board to decide. The Secretary shall be someone qualified to act as a Company Secretary or someone with extensive experience in acting as Secretary to the Board of a statutory body.

The Secretary shall, inter alia, be responsible for:

- a) convening Board meetings and Board committees' meetings;
- b) drafting minutes of Board/committees proceedings and circulating draft minutes to members;
- c) recording of any conflict of interest that may arise;
- d) assisting the Chairperson of the Board/committees;
- e) ascertaining a quorum of meetings; and
- f) servicing the Board/committees with the assistance of the Board Secretariat.

Unless otherwise directed by the Chairperson, all Board information and documents shall be kept at the HRDC under the responsibility of the Secretary. The Secretary is available for any assistance regarding Board matters to the Board members.

6. Board Committees

Sectoral Committees

Sections 12 of the HRD Act stipulates that the Board shall establish a sectoral committee for each of the following sectors:

- (a) agriculture;
- (b) financial services;
- (c) information and communication technology;
- (d) manufacturing;
- (e) public service; and
- (f) tourism.

Every sectoral committee shall serve as liaison between the Board and its sector and advise the Board on emerging economic trends and relevant training needs in its sector. The main role of the Sectoral Committees are as follows:

- serve as liaison between the Board and its sector;
- advise the Board on emerging economic trends and relevant training needs in their respective sector;

- assist in identifying and forecasting skills needs for respective sectors;
- assist in the mounting and implementation of skills development projects in their respective sector;
- assist in assessing the relevance of skills development projects for the sector and make appropriate recommendations to the Board; and
- advise on policies and strategies for skills development for the sector.

The Board shall appoint such person as it may determine to chair each sectoral committee and such number of persons as members of each sectoral committee, having experience in each of their sectors as it may determine.

Every sectoral committee shall regulate its meetings and proceedings in such manner as it may determine

Board Committees:

Sections 12 of the HRD Act stipulates that the Board can establish committees for such purpose as it may determine and it may co-opt persons who are not members of the Board to the committees.

The following committees are set up in line with sections 12 of the HRD Act and the National Code of Corporate Governance to assist the Board in the effective performance of its functions:

- Audit Committee; and
- Corporate Governance Committee;
- Finance Committee;
- National Training Fund Committee;
- Human Resource Committee.

The Board remains collectively responsible for the decisions and actions taken by any committee. A committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole.

Each committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware of. The Board shall, subject to the Terms of Reference concerned, receive regular reports from the committee describing the committee's actions and findings.

Committee Charters/Mandate: The Board shall establish (and may amend) charters/mandates for each committee. The charters/mandates shall indicate the role and responsibilities of the committee, its composition and how it should perform its duties. The charter/mandate of the Committees at HRDC are as follows:

Audit Committee Charter:

The Audit Committee is mandated to look into the internal control and risk management systems in relation to the HRDC's financial reporting processes. The Audit Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle. As set out in the Audit Committee Charter, the Audit Committee is tasked with the following main responsibilities:

Financial Statements: The Audit Committee examines and reviews the quality and integrity of the financial statements of the HRDC, including its annual and half-yearly reports and interim reports, and ensures that the HRDC has followed appropriate accounting standards and made appropriate estimates and judgements. In particular, the committee has the responsibility to review compliance with relevant local and international accounting standards and compliance with legal requirements; as well as the methods used to account for significant or unusual transactions where different approaches are possible. Where the committee is not satisfied with any aspect of the proposed financial reporting by the Board, it reports its views to the Board.

Internal Controls and Risk Management Systems: The Audit Committee keeps under review the adequacy and effectiveness of the organisation's systems of internal control, including internal financial control and business risk management and maintains effective internal control systems.

Compliance, Whistleblowing and Fraud: The Audit Committee has the responsibility to review:

- The adequacy and security of the organisation's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee also ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- The HRDC's procedures for detecting fraud;
- The HRDC's systems and controls for the prevention of bribery and receive reports on non-compliance;

- Significant transactions not directly related to the organisation's normal business as the committee might deem appropriate; and
- Significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the organisation.

Internal audit: In connection with the internal auditing process, the Audit Committee is tasked with the following responsibilities:

- To monitor and review the effectiveness of the HRDC's internal audit function in the context of the HRDC's overall risk management system;
- To safeguard the organisation's assets against unauthorised use or disposal;
- To review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- To direct and supervise investigations into matters within its scope, for example, evaluations of the effectiveness of the organisation's internal control, cases of employee fraud, misconduct or conflict of interest; and
- To advise on the appointment or termination of appointment of the Internal Auditor/Senior Internal Auditor.

External audit: The main responsibilities of the Audit Committee in regard to external auditing include meeting regularly with the external auditor and at least once a year, without management being present, to discuss the auditor's observations and any issues arising from the audit. The committee reviews any findings of the audit with the external auditors, which include discussing any major issues which arose during the audit and the effectiveness of the audit process. The committee also looks into whether any significant ventures, investments or operations are not subject to external audit.

Business Conduct: With regard to business conduct, the Audit Committee ensures compliance with laws and regulations of any applicable statute and controlling bodies; identify any violations of ethical conduct; and give recommendations on any potential conflict of interest or questionable situations of a material nature.

Corporate Governance Committee Charter:

The Corporate Governance Committee ensures that all operations of the HRDC comply with good corporate governance practices, namely transparency, accountability, fairness and social responsibility. The Corporate Governance Committee reports to the Board and has the responsibility to:

- Advise the Board on all aspects of corporate governance and recommend the adoption of best practices as appropriate for the HRDC;
- Determine, agree and develop the HRDC's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;
- Prepare the Corporate Governance Report to be published in the HRDC's annual report;
- Ensure that disclosures are made in the annual report in compliance with the disclosure provisions in the Code of Corporate Governance;
- Report any breach of the Code to the Board for action to be taken; and
- Review any statement on ethical standards or requirements for the HRDC and assist in developing such standards and requirements.

Finance Committee Charter

The main responsibilities of the Finance Committee are as follows:

- a) Ensure that financial reports are prepared on a timely basis;
- b) Examine HRDC's year-end accounts;
- c) Examine the Audit Report;
- d) Ensure that there is a proper budgetary control;
- e) Manage HRDC's budget;
- f) Ensure compliance and review of the Financial Procedures;
- g) consider and recommend all procurement as per approved limits;
- h) Any other financial issues.

National Training Fund Committee Charter

The main responsibilities of the National Training Fund Committee are to:

- a) Analyse periodic reports from Management on the functioning of the NTF and make recommendations thereon;

- b) Look into the list of incentives being offered to employers and training institutions for promotion of training and make recommendations to the Board for the review of such incentives as and when required;
- c) Look into the grievances made by employers for their Grant applications for refund and make the necessary recommendations to Management; and
- d) Advise on other related issues concerning the Levy / Grant System.

HR Committee Charter:

The role of the Human Resource Committee is to look at all human resources issues at the HRDC and advise the Board accordingly. The Human Resource Committee ensures the review of existing policies as deemed necessary and looks after employees' job description and methods of periodical reviews, the approval and revision of organisational setup, the preparation of latest criteria for recruitment and training and performance appraisals as approved by the Board.

7. Conflicts of Interests

Board members must avoid conflicts of interest. Where an actual conflict or potential conflict of interest arises, the Board member concerned shall immediately report same to the Chairperson of the Board and provide all relevant information, including information concerning his spouse, registered partner or other life companion, child, foster or adoptive child, relatives by blood or marriage up to the second degree.

The Board member concerned shall not take part in the assessment by the Board whenever a conflict of interest arises.

A conflict of interest may occur when:

- (a) A member's personal interest is adverse to or may seem to be adverse to the interest of the HRDC.
- (b) A member or his immediate family receives improper personal benefits as a result of his position at the level of the HRDC. Some of the common situations of conflicts which the Board member(s) should avoid are listed below:

- a) Personal benefits received from a person;
- b) HRDC seeking to do business or to retain the services of external service providers.
- c) Gifts which are not customary in normal business relationships should not be accepted nor given to any person
- d) Engaging in any outside business, professional or other activities that would directly or indirectly adversely affect the HRDC.

Disclosure of interest: The member of the Board shall disclose any direct or indirect interest in relation to any matter and the member concerned. A Board member shall not take part in any deliberation or decision making process regarding any subject or transaction in which he has a conflict of interest with the HRDC.

Such disclosure shall be made before the meeting convened to discuss this matter and shall be recorded in the minutes of the Board or committee, as the case may be. In addition, and in compliance with the Code, the Secretary of the Board shall keep and maintain a register of interests where all disclosures of direct or indirect interests shall be recorded.

Related Party Transactions

A potential conflict of interest exists if the HRDC intends to enter into a transaction with a related party. The HRDC shall develop a policy on how to ensure that its rights are protected during such transactions. A related party includes the following:

- a) A Board member of the HRDC, its parent organization, affiliated or sister companies and associates.
- b) A parent organization and any subsidiary or affiliated organization that is not wholly owned.
- c) Any person whose judgement or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons related to them.

8. Principles of Ethics

Board members should adhere to the highest ethical standards including, but not limited to:

Duties of Board members: Board members shall act in good faith and make informed decisions and policies in the best interest of the HRDC. Board members have the responsibility to carry out their duties diligently, in an honest manner, with reasonable competence and act within the scope of their authority. Board members must consistently attend Board meetings and devote sufficient time to ensure familiarity with the HRDC's business and environment. Board members shall ensure observance of confidentiality provisions of non-public information disclosed to them during and after their mandate. Board members must act in a manner which enhances and maintains the reputation of the HRDC at all times.

Conflict of Interest: Board members must avoid conflict of interest and where a potential conflict or an actual conflict of interest arises, the same must be disclosed in accordance with this Charter.

Improper advantage: Board members shall not take improper advantage of their position or use the HRDC's property for personal gain. Board members may not use any information or opportunity received by them in their capacity as members in a manner that would be detrimental to the HRDC's interest.

Compliance with Laws, Rules & Regulations: Fair Dealings: Board members must comply with laws, Rules and Regulations applicable to the HRDC. Board members must deal fairly and must oversee fair dealings by employees with the HRDC's stakeholders, suppliers, competitors and employees. Board members shall encourage the reporting of any illegal or unethical behaviour. Any suspected breach of ethics will be communicated promptly by Board members, investigated and appropriate actions will be taken, as necessary.

Waiver of the principle of Ethics: Any waiver of the principle of ethics may be made only by the Board by simple majority of the members present in voting and must be promptly recorded.

9. Induction Program, Ongoing Training and Education

Induction Program

Upon his appointment, each Board member shall participate in an induction program that covers:

- a) the organisation's strategy, general financial and legal affairs;
- b) financial reporting by the organisation;
- c) strategic thinking and strategic decision-making;
- d) effective Board management relationship;
- e) role of the Board;
- f) any specific aspects unique to the organisation; and
- g) the responsibilities of a Board member.

A pack containing the Board Charter, relevant Acts, as well as, the latest Annual Report and financial statements shall be provided to new Board member(s).

The Secretary of the Board shall inform new member(s) of any procedures relating to confidentiality and conduct of the Board.

Ongoing Training: The Chairperson shall ensure that Board member(s) continually upgrade their skills and knowledge.

Costs of Training: The costs of the induction course and any training or education shall be paid, where required, for by the HRDC.

Succession planning: In the event of a reconstitution of the Board, the Chief Executive and the Secretary shall inform and brief the new Board of:

- (a) all pending issues;
- (b) the financial affairs of the HRDC;
- (c) the Strategic Plan of the HRDC; and
- (d) all the commitments that the HRDC need to fulfil with respect to its stakeholders.

Succession Planning of Board members is considered, where required, at the level of the parent ministry.

Protection from liability:

As per provisions of section 17 of the HRD Act, no civil liability shall lie against any member or officer of the HRDC for any act or omission except in so far as the act or omission complained of was done in bad faith.

10. Miscellaneous

Acceptance by Board Member(s): Anyone who is appointed as a Board member must, upon assuming office, make a declaration that he accepts and agrees to comply with the provisions of this Charter.

Non-Compliance: The Board may exceptionally, at its sole discretion decide not to comply with specific provisions of this Charter.

Amendment: This Charter may be amended by the Board by simple majority.

Interpretation: In case of uncertainty or difference of opinion on how a provision of this Charter should be interpreted, an independent opinion may be sought.

Partial Invalidity: If one or more provisions of this Charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board may replace the invalid provisions by other provisions which are valid and the effect of which, given the contents and purpose of this Charter is, to the greatest extent possible, similar to that of the invalid provisions.