

## BOARD CHARTER

Document No.: **OCT-TOR-0004**

Revision No.: **03**

### AUTHORISATION

	Name	Designation
<b>Prepared</b>	Elize Greeff	Group Company Secretary
<b>Reviewed</b>	Elize Greeff	Group Company Secretary
<b>Accepted</b>	Board	-
<b>Approved</b>	Board	Chairman: Octodec Board

### DISTRIBUTION

All Octodec staff as required.

### REVISION

Rev. no.	Change description	Date
00	First issue	3 December 2013
01	Second issue	28 October 2014
02	Third issue	21 February 2018
03	Fourth issue	20 November 2019

**CONTENTS**

<b>1. CONSTITUTION, INTRODUCTION, PURPOSE AND OBJECTIVES .....</b>	<b>3</b>
<b>2. COMPOSITION OF THE BOARD.....</b>	<b>3</b>
<b>3. ROLE AND RESPONSIBILITIES OF THE BOARD.....</b>	<b>4</b>
<b>4. RESPONSIBILITIES OF INDIVIDUAL DIRECTORS .....</b>	<b>6</b>
<b>5. DEVELOPMENT OF DIRECTORS .....</b>	<b>7</b>
<b>6. BOARD COMMITTEES AND DELEGATION OF AUTHORITY .....</b>	<b>7</b>
<b>7. GROUP COMPANY SECRETARY .....</b>	<b>8</b>
<b>8. MEETING PROCEDURE .....</b>	<b>8</b>
<b>9. BOARD PROCEDURES AND POLICIES.....</b>	<b>10</b>
<b>10. BOARD AND DIRECTOR EVALUATION.....</b>	<b>10</b>
<b>11. DIRECTORS' FEES.....</b>	<b>11</b>
<b>12. GROUP GOVERNANCE FRAMEWORK.....</b>	<b>11</b>
<b>13. REVIEW OF CHARTER.....</b>	<b>11</b>

## **1. CONSTITUTION, INTRODUCTION, PURPOSE AND OBJECTIVES**

- 1.1 The election and constitution of the board of directors of the company (“the board”) shall at all times be in accordance with the Companies Act, 2008 (“the Act”) and the Company’s Memorandum of Incorporation (“MOI”).
- 1.2 The board of directors of Octodec Investments Limited (“Octodec” or “the company”) fully subscribes to the recommendations and principles of good corporate governance set out in the King IV Report on Corporate Governance for South Africa, 2016 (“King IV™”) and regards these as fundamentally important to the business success and sustainability of the company and its subsidiaries and associated companies (“the group”).
- 1.3 The board therefore approved this board charter (“the charter”), the provisions of which will at all times be subject to all statutory and regulatory requirements, including the company’s MOI.
- 1.4 This charter constitutes and forms an integral part of each director’s appointment letter to the board and, if such director is also a member of the board of any of the company’s subsidiaries, to the boards of its subsidiary companies (except to the extent that such subsidiary has its own board terms of reference).
- 1.5 The purpose of the charter is to regulate the parameters within which the board will operate and to ensure the application of the principles of good corporate governance in all dealings by, in respect and on behalf of, the company and furthermore to set out the roles and responsibilities of the board and individual directors, including the composition and relevant procedural conduct of the board, to guide the board’s effective functioning. [*King IV™, principle 6, RP 2*].
- 1.6 The objectives of the charter:
  - 1.6.1 ensure that all directors are aware of their duties and responsibilities as directors and of the legislation and regulations affecting their conduct and to ensure that the principles of good corporate governance are applied in all their dealings in respect of and on behalf of the group;
  - 1.6.2 set out, among other things:
    - 1.6.2.1 the responsibilities and duties of the board, board committees, the chairman, the lead independent director, the managing director and the group company secretary; [*King IV™, principle 7, RP 33*.];
    - 1.6.2.2 the requirements for membership of the board;
    - 1.6.2.3 the meeting procedures of the board.
- 1.7 Unless inconsistent with the content, an expression which denotes any one gender includes the other genders.

## **2. COMPOSITION OF THE BOARD**

- 2.1 In terms of the MOI, in addition to the minimum number of directors, if any, that the company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the board must comprise at least 4 (four) directors. The maximum number of directors that may be appointed to the board shall not exceed 12 (twelve) unless otherwise determined by the shareholders at any time, and from time to time, by way of ordinary resolution. *[MOI par 23.1.1 and JSE Listings Requirements, Schedule 10 par 10.16(a)].*
- 2.2 The board has the power to appoint directors, on recommendation by the nominations committee, to fill a casual vacancy in the number of directors on the board on a temporary basis, as set out in section 68(3) of the Act, provided that such appointment must be confirmed by the shareholders, in accordance with the provisions of the MOI, at the next general meeting, as required in terms of section 70(3)(b)(i) of the Act. In addition, either the chairman or the lead independent director of the board shall be entitled, with the written consent of the remaining directors on the board, to appoint any person as a director in terms of section 66(4)(a)(i) of the Act, provided that such appointment must be ratified by the shareholders in accordance with the provisions of the MOI, at the next general meeting.
- 2.3 The board should comprise the appropriate balance of knowledge, skills, experience, diversity (across a variety of attributes as contemplated in King IV™, principle 7, RP 10) and independence to discharge its governance role and responsibilities, objectively and effectively *[King IV™, principle 7]* and the board should therefore –
- 2.3.1 assume responsibility for its composition by setting the direction and approving the processes for it to attain, through the nominations committee, such balance; *[King IV™, principle 7, RP 6, principle 8, Recommended Practice (“RP”) 60(a)];*
- 2.3.2 consider the appropriateness of prospective candidates recommended by the nominations committee for appointment to the board. The nominations committee will follow a transparent and formal process in selecting, nominating and in recommending suitable candidates for the board’s consideration; and *[JSE Listings Requirements, par 3.84(a), King IV™, principle 8, RP 60(a)];*
- 2.3.3 consider and approve targets for race and gender representation in its membership as recommended by the nominations committee. *[King IV™, principle 7, RP 10].*
- 2.4 When determining the requisite number of members of the board, the factors set out in King IV™, principle 7, recommended practice 7 should be considered. *[King IV™, principle 7, RP 7].*
- 2.5 The company shall have a unitary board, consisting of a mix of executive and non-executive directors. In this regard:

- 2.5.1 the majority of the board members should be non-executive directors; *[King IV™, principle 7, RP 8 and JSE Listings Requirements, par 3.84(b)]*;
- 2.5.2 the majority of the non-executive directors should be independent, and when assessing the independence of a member of the board for purposes of categorisation, the board should consider the indicators set out in King IV™, principle 7, recommended practice 28, and other indicators holistically, and on a substance-over-form basis; *[King IV™, principle 7, RP 8, principle 7, RP 28]*;
- 2.5.3 the board should have a minimum of two executive directors, being the managing director and financial director and ensure a proper process of performance management and succession planning in respect of these positions and identifying persons to fill board vacancies as and when they arise; *[King IV™, principle 7, RP 9 and JSE Listings Requirements, par 3.84 (c) and (g)]*;
- 2.5.4 following consideration of the nominations committee's recommendations, the board should annually elect –
- 2.5.4.1 a chairman who is a non-executive director and who shall not also fulfil the position of the managing director *[King IV™, principle 7, RP 31 and 34]*; and
- 2.5.4.2 a lead independent director in the event of the chairman of the board not being an independent, non-executive director, who meets the requirements for an independent director under the Act and King IV™, and any other criteria evidencing objectivity and independence established by the board, to serve as the lead independent director. The lead independent director charter sets out the lead independent director's role and responsibilities. *[King IV™, principle 7, RP 32]*.
- 2.5.5 The board should:
- 2.5.5.1 appoint and may terminate the services of the managing director; *[King IV™, principle 10, RP 76]*;
- 2.5.5.2 set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the managing director; *[King IV™, principle 10, RP 84]*.
- 2.5.6 The board should always ensure that the roles of the chairman and the managing director are strictly separate. *[JSE Listings Requirements, par 3.84(c) and King IV™, principle 7, RP 31 and 34]*.
- 2.5.7 The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities. *[King IV™, principle 10]*. Members of management can be board members. However, management should understand that board membership is neither necessary nor a prerequisite for any higher

management position in the company. Where management is appointed to the board –

- 2.5.7.1 care must be taken to separate their managerial responsibilities from those as directors of the company;
- 2.5.7.2 executive directors should carefully manage the conflict between their management responsibilities and their fiduciary duties as directors in good faith and in the best interests of the company. *[King IV™, principle 1, RP 1(a)(i)]*.

### **3. FUNCTIONS, RESPONSIBILITIES AND DUTIES OF THE BOARD**

3.1 The primary functions, responsibilities and duties of the board are:

- 3.1.1. to act in good faith and in the best interests of the company; *[King IV™, principle 1, RP 1(a)(i)]*
- 3.1.2. to lead ethically and effectively (beyond mere legal compliance) *[King IV™, principle 1, RP1(a)(iii) and (iv)]* in order to achieve the company's strategic objectives and positive outcomes over time *[King IV™, principle 1, RP 2];*
- 3.1.3. to assume responsibility for the company's performance, by steering and setting the direction for the realisation of the company's core purpose and values through its strategy *[King IV™, principle 4, RP 1]*, recognising that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. *[King IV™, principle 4]*.

3.2. The general functions, responsibilities and duties of the board, with the assistance of board committees, include the following:

- 3.2.1. the responsibility for approving, and where delegated, exercise ongoing oversight of:
  - 3.2.1.1. the company's short, medium and long-term strategies (taking into consideration the factors identified in King IV™, principle 4, recommended practice 3) and monitoring the implementation and execution of strategy by management to ensure accountability of the company's performance, with the assistance of all of the committees of the board; *[King IV™, principle 1, RP 1(c)(i); principle 4, RP 3 &6];*
  - 3.2.1.2. the company's policies and operational plans, in each case as developed by management, to give effect to such approved strategies, and monitoring the implementation and execution of such operational plans by management to ensure accountability of the company's performance, with the assistance of all of the committees of the board; *[King IV™, principle 1, RP 1(c)(i); principle 4, RP 3 &6];*
  - 3.2.1.3. the board's composition as contemplated in paragraph 2.3 of the charter, with the assistance of the company's nominations committee;
  - 3.2.1.4. cultivating the characteristics of integrity, competence, responsibility, accountability, fairness

and transparency and by exhibiting these characteristics in its conduct, as contemplated in King IV™, principle 1, recommended practice 1 collectively, and individually through each of its directors [*King IV™, principle 1, RP 1*];

3.2.2. the governance of ethics:

3.2.2.1. in a way that supports the establishment of an ethical culture; and [*King IV™, principle 2*];

3.2.2.2. by setting the direction for how ethics should be approached and addressed by the company through an ethics management plan and programme, which responsibility shall be delegated to the company's social, ethics, remuneration and transformation committee; [*King IV™, principle 2, RP 4*];

3.2.2.3. by approving the company's code of ethics and ethics policies that articulate and give effect to its direction on company ethics, with the assistance of the social, ethics, remuneration and transformation committee; [*King IV™, principle 2, RP 5*];

3.2.3. corporate citizenship by:

3.2.3.1. ensuring that the company is seen to be a responsible corporate citizen [*King IV™, principle 3*];

3.2.3.2. setting the direction for how corporate citizenship should be approached and addressed by the company, which responsibility shall be delegated to the company's social, ethics, remuneration and transformation committee; [*King IV™, principle 3, RP 11*];

3.2.4. the governance of risk in a way that:

3.2.4.1. supports the company in setting and achieving its strategic objectives [*King IV™, principle 11*]; and

3.2.4.2. recognises that the treatment of risk is integral to the way it makes decisions and executes its duties; [*King IV™, principle 11, RP 4*];

3.2.5. through an enterprise risk management policy and framework, setting the direction for how risk should be approached and addressed in the company with an understanding that risk governance encompasses both (i) the opportunities and associated risks to be considered in developing strategy; and (ii) the potential positive and negative effects of the same risks on the achievement of the company's objectives, which responsibility shall be delegated to the company's risk committee; [*King IV™, principle 11, RP 1*];

3.2.6. evaluating and agreeing the nature and extent of the risks that the company should be willing to take in pursuit of its strategic objectives and, in particular, approving:

3.2.6.1. the company's risk appetite, namely its propensity to take appropriate levels of risk; and



- 3.2.6.2. the limit of the potential loss that the company has the capacity to tolerate, which responsibility shall be delegated to the company's risk committee; [*King IV™, principle 11, RP 4*];
- 3.2.7. exercising prudence in taking risks and capturing opportunities in a responsible manner and in the best interests of the company [*King IV™, principle 1, RP 1(c)(ii)*];
- 3.2.8. anticipating, preventing and otherwise ameliorating the negative outcomes of the company's activities and outputs on the triple context in which it operates, and the capitals that it uses and effects [*King IV™, principle 1, RP 1(c)(iii)*];
- 3.2.9. governance of technology and information:
  - 3.2.9.1. in a way that supports the company setting and achieving its strategic objectives; [*King IV™, principle 12*];
  - 3.2.9.2. by setting the direction for how technology and information should be approached in the company, through a technology and information policy and strategy, which responsibility shall be delegated to the company's audit committee; [*King IV™, principle 12, RP 10 & 11*];
- 3.2.10. the governance of compliance by the company with applicable laws and adherence to adopted non-binding rules, codes and standards:
  - 3.2.10.1. in a way that supports the company being ethical and a good corporate citizen; [*King IV™, principle 13*];
  - 3.2.10.2. by setting the direction for how compliance should be approached and addressed across the group through a compliance policy, setting *inter alia*, (i) the direction for how the relationships and exercise of power within the group should be approached and conducted and (ii) which non-binding rules, codes and standards the company has adopted, which responsibility shall be delegated to the company's risk committee; [*King IV™, principle 16, RP 11 & 16*];
- 3.2.11. the governance of remuneration by setting the direction for how remuneration should be approached and addressed on a company-wide basis, through a total reward philosophy, strategy and policy, with the assistance of the company's social, ethics, remuneration and transformation committee; [*King IV™, principle 14, RP 26 & 27*];
- 3.2.12. the company's reporting, with the assistance of the audit committee, by setting the direction for how it should be approached and conducted [*King IV™, principle 5, RP 9*] and by ensuring that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects; [*King IV™, principle 1, RP 1(d), principle 5*];
- 3.2.13. assurance, by:
  - 3.2.13.1. setting the direction concerning the arrangements for assurance services and functions;



- 3.2.13.2. delegating, to the company's audit committee, the responsibility for overseeing that such arrangements are effective in achieving the objectives set out in King IV™, principle 15, recommended practice 40(a) to (c); *[King IV™, principle 15, RP 40];*
- 3.2.13.3. delegating, to the company's audit committee, the responsibility for ensuring:
  - 3.2.13.3.1. that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports; *[King IV™, principle 15];*
  - 3.2.13.3.2. that a combined assurance model is applied which (i) incorporates and optimises the various assurance services and functions so that, taken as a whole, these support the objectives for assurance; *[King IV™, principle 15, RP 41]* (ii) is effective and sufficiently robust for the board to be able to place reliance on the combined assurance underlying the statements that the board makes concerning the integrity of the company's external reports; *[King IV™, principle 15, RP 46];* and (iii) is designed and implemented to cover effectively the company's significant risks and material matters through a combination of the assurance service providers and functions set out in King IV™ principle 15, RP 42 (a) to (f), as is appropriate for the company; *[King IV™, principle 15, RP 42];*
  - 3.2.13.3.3. the integrity of external reports issued by the company, by setting the direction for how assurance of these should be approached and addressed; *[King IV™, principle 15, RP 47];*
- 3.2.13.4. setting the direction for the internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes, which responsibility shall be delegated to the company's audit committee, *[King IV™, principle 15, RP 48]*, which includes:
  - 3.2.13.4.1. the appointment of a chief audit executive, if applicable, as well as ensuring that there is clarity on who fulfils the role of the chief audit executive where internal audit services are co-sourced or outsourced; *[King IV™, principle 15, RP 52 & 55];*
  - 3.2.13.4.2. the approval of an internal audit charter has been delegated to the audit committee; *[King IV™, principle 15, RP 49];*
  - 3.2.13.4.3. ensuring that internal audit provides an overall statement annually as to the effectiveness of the company's governance, risk management and control processes; *[King IV™, principle 15, RP 59];*
- 3.2.13.5. governing stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in the company through a stakeholder management policy, which responsibility shall be delegated to the company's social, ethics, remuneration and transformation committee; *[King IV™, principle 16, RP 1 & 2];*
- 3.2.13.6. the evaluation of its own performance and that of its committees, its chair and its individual

members:

- 3.2.13.6.1. as contemplated in paragraph 10; and
- 3.2.13.6.2. in a manner that supports continued improvement in the board's performance and effectiveness; *[King IV™, principle 9]*;
- 3.2.13.7. the group's integrated annual report, with the assistance of the audit, risk and social ethics, remuneration and transformation committees, ensuring that, in addition to the disclosures required by each of its committees as set out in the terms of reference of its committees, the following is disclosed:
  - 3.2.13.7.1. the arrangements by which board members are being held to account for ethical and effective leadership, including, not limited to, the code of ethics and the biennial performance evaluations of the board and its members; *[King IV™, principle 1, RP 3]*;
- 3.2.13.8. in relation to the primary role and responsibilities of the board:
  - 3.2.13.8.1. the number of meetings held during the reporting period, and attendance at those meetings;
  - 3.2.13.8.2. whether the board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period; *[King IV™, principle 6, RP 5]*
- 3.2.13.9. in relation to the biennial evaluation of the performance of the board:
  - 3.2.13.9.1. a description of the performance evaluations undertaken during the reporting period, including their scope, whether they were formal or informal, and whether they were externally facilitated or not;
  - 3.2.13.9.2. an overview of the evaluation results and remedial actions taken;
  - 3.2.13.9.3. whether the board is satisfied that the evaluation process is improving its performance and effectiveness; *[King IV™, principle 9, RP 75]*
- 3.2.13.10. in relation to the chairman:
  - 3.2.13.10.1. whether the chair is considered to be independent;
  - 3.2.13.10.2. if not, whether or not an independent non-executive member of the board has been appointed as the lead independent, and the role and responsibilities assigned to the position; *[King IV™, principle 7, RP 38]*
- 3.2.13.11. in relation to the managing director:
  - 3.2.13.11.1. the notice period stipulated in the managing director's employment contract and the contractual conditions related to termination;

- 3.2.13.11.2. other professional commitments of the managing director, including membership of the governing bodies outside the company;
- 3.2.13.11.3. whether succession planning is in place for the managing director position; [*King IV™, principle 10, RP 83*];
- 3.2.13.11.4. the arrangements in place for accessing professional corporate governance services and a statement on whether the board believes those arrangements are effective should be disclosed, with the assistance of the nominations committee [*King IV™, principle 10, RP 99*];
- 3.2.14. continuously monitor the solvency and liquidity of the company and commence business rescue proceedings as soon as the company is financially distressed.

#### **4. RESPONSIBILITIES OF INDIVIDUAL DIRECTORS**

4.1 In fulfilling his/her responsibility to the company, a director will at all times:

- 4.1.1 act in the best interests of the company, in good faith and with integrity and adhere to all relevant legal standards of conduct; [*King IV™, principle 1, RP 1(a)(i)*];
- 4.1.2 lead ethically and effectively (beyond mere legal compliance) [*King IV™, principle 1, RP1(a)(iii) and (iv)*] in order to achieve the company's strategic objectives and positive outcomes over time; [*King IV™, principle 1, RP 2*];
- 4.1.3 conduct himself/herself in a professional manner;
- 4.1.4 avoid any conflict of interest between his/her personal affairs and that of the company or, where unavoidable, disclose any such conflict or potential conflict;
- 4.1.5 disclose any information that he/she may be aware of that is material to the company and which the board is not aware of, unless such director is bound by ethical or contractual obligations of non-disclosure;
- 4.1.6 only use his/her powers for the purposes for which they were conferred upon him/her and not to gain an advantage for himself/herself or a third party or to harm the company in any way;
- 4.1.7 only act within his/her powers as formally delegated by the board;
- 4.1.8 keep all company and group related information that becomes known to directors in the performance of their duties strictly confidential;
- 4.1.9 use his/her best endeavors to attend board and relevant board committee meetings where at all possible and devote appropriate preparation time ahead of each meeting to ensure that he is in a position to contribute to board and committee discussions and to make informed decisions on matters placed before the board or board committee;

- 
- 4.1.10 exhibit the degree of skill and care as may be reasonably expected from a person of his/her skill and experience, but also exercise both the care and skill any reasonable person would be expected to show in looking after his/her own affairs; and
- 4.1.11 actively participate in and contribute to board deliberations in a constructive and frank manner under the leadership and guidance of the chairman.
- 4.2 The directors are entitled to have access, at reasonable times, to all relevant company information and to management. Such access shall be arranged through the chairman of the board or the managing director.
- 4.3 The chairman of the board is responsible for:
- 4.3.1 setting the ethical tone for the board and the group; [*King IV™, principle 1, RP 1(a)(iv)*];
- 4.3.2 providing overall leadership to the board without limiting the principle of collective responsibility for board decisions, while at the same time being aware of the individual duties of board members;
- 4.3.3 with the assistance of the nominations committee, actively participating in:
- 4.3.3.1 the selection of board members;
- 4.3.3.2 reviewing the independence of non-executive directors and make recommendations to the board thereon on an annual basis; [*King IV™, principle 7, RP 27*] and in doing so the indicators set out in King IV™, principle 7, recommended practice 28 and other indicators should be considered holistically, and on a substance-over-form basis;
- 4.3.4 the periodic oversight of a succession plan (in respect of emergency situations and over the longer term) in respect of board members, the managing director, executive/senior managers and persons in key positions so as to provide continuity of executive leadership [*King IV™, principle 10, RP 81 and 88*];
- 4.3.5 formulating an annual work plan for the board, working with the managing director and the group company secretary in the setting of the agenda for board meetings and ensuring that board minutes properly reflect board deliberations and decisions; [*King IV™, principle 1, RP 1(c)(i), 1(d) and (f), principle 4, RP4*];
- 4.3.6 presiding over board meetings and directing board discussions to effectively use the time available to address the critical issues facing the company; [*King IV™, principle 1, RP 1(c)(iv)*];
- 4.3.7 managing conflicts of interest in accordance with all applicable legal requirements; [*King IV™, principle 1, RP 1(a)(ii)*];
- 4.3.8 developing an ongoing relationship with the managing director. As the major point of contact

between the managing director and the board, the chairman should be kept fully informed of the day-to-day matters of interest to directors; *[King IV™, principle 1, RP 1(b)(i)]*;

- 4.3.9 being collegial with board members and management while at the same time maintaining an arm's length relationship; *[King IV™, principle 1, RP 1(a)(iv)]*;
- 4.3.10 ensuring that directors play a full and constructive role in the affairs of the company and taking a lead role in the process for removing non-performing or unsuitable directors from the Board; *[King IV™, principle 1, RP 1(b)(ii)]*;
- 4.3.11 ensuring that complete, timely, relevant, accurate, honest and accessible information is placed before the board to enable directors to reach an informed decision; *[King IV™, principle 1, RP 1(b)(ii)]*;
- 4.3.12 ensuring the ongoing effectiveness, mentoring and development of the board and individual directors, with the assistance of the nominations committee, to ensure they have sufficient working knowledge of the company, the property industry, the triple context in which it operates, the capitals it uses and affects as well as of the key laws, rules, codes and standards applicable to the company; *[King IV™, principle 1, RP 1(b)(i)]*;
- 4.3.13 with the assistance of the nominations committee, ensuring that all directors are appropriately made aware of their responsibilities through a tailored induction programme, and ensuring that a formal programme of continuing professional education is adopted at board level; *[King IV™, principle 1(b)(iii)]*;
- 4.3.14 maintaining relations with the company's major shareholders and its strategic and/or material stakeholders in conjunction with the managing director and executive/senior managers, building and maintaining stakeholders' trust and confidence in the company and presiding over shareholders' meetings; *[King IV™, principle 1, RP 1(e)(i), principle 16]*;
- 4.3.15 upholding rigorous standards of preparation for meetings by for example, meeting with the managing director before meetings, studying of the meeting information packs distributed and devoting sufficient time and effort to prepare for meetings; *[King IV™, principle 1, RP 1(c)(iv)]*;
- 4.3.16 ensuring that decisions by the board are executed; *[King IV™, principle 6, RP 1(c)]*;
- 4.3.17 together with the board, determining the number of outside professional positions that she is permitted to hold, taking into account the relative size and complexity of the organisations involved, in order to determine whether she is able to perform the duties of the office of chairman effectively. *[King IV™, principle 7, RP 35]*.

4.4 The managing director is required to:

- 4.4.1 formulate and develop, through management, and then recommend to the board, the company's short, medium and long-term strategy and vision that will realise the company's

core purpose and values and generate satisfactory levels of shareholder value; *[King IV™ principle 4, RP 1 and 2];*

- 4.4.2 be responsible for leading the implementation and execution of approved strategy, policy and operational planning, and should serve as the link between management and the board; *[King IV™, principle 10, RP 77];*
- 4.4.3 formulate and develop through management, and then recommend to the board annual operational plans (with budgets) and policies to implement such operational plans, that support and give effect to the company's approved strategy – such policies and operational plans should include the key performance measures and targets for assessing the achievement of strategic objectives and positive outcomes over the short, medium and long term; *[King IV™, principle 4, RP 4];*
- 4.4.4 exercise ongoing oversight of the implementation and execution of strategy and operational plans by management against agreed performance measures and targets; *[King IV™, principle 4, RP 5];*
- 4.4.5 strive to achieve financial and operational targets and ensure that the day-to-day business affairs of the group are appropriately monitored and managed within the approved delegation of authority framework;
- 4.4.6 appoint the executive management and ensure proper performance evaluation to support continued improvement in the company's performance and effectiveness;
- 4.4.7 establish an organisational structure for the company which is necessary to enable the execution of approved strategy;
- 4.4.8 ensure that key management functions are (i) headed by an individual with the necessary competence and authority; and (ii) adequately resourced; *[King IV™, principle 10, RP 87];*
- 4.4.9 in conjunction with the nominations committee, ensure proper succession planning (in respect of emergency situations and over the longer term) for executive / senior management and persons in key positions so as to provide continuity of executive leadership; *[King IV™, principle 10, RP 88];*
- 4.4.10 be accountable to, monitor and report to the board the performance of the company and its conformance with compliance imperatives; *[King IV™, principle 10, RP 78];*
- 4.4.11 set the tone at management level in providing ethical leadership and creating an ethical environment and culture and maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of quality employees; *[King IV™, principle 2, RP 9];*
- 4.4.12 with the assistance of management, ensure that the company's responsible corporate citizenship efforts include compliance with the Constitution of South Africa (including the Bill



of Rights), the law, leading standards, and adherence to its own codes of conduct and policies; *[King IV™, principle 3, RP 12]*;

- 4.4.13 for recommendation to the social, ethics remuneration and transformation committee, ensure the formulation and development of a code of ethics and ethics policies that articulate and give effect to the Board's direction on organisational ethics and comply with the recommendations in King IV™, principle 2, recommended practice 6, for onward recommendation to the Board; *[King IV™, principle 2, RP 5 and 6]*;
- 4.4.14 ensure the implementation and execution of the company's code of ethics and ethics policies; *[King IV™, principle 2, RP 8]*;
- 4.4.15 together with the board, agree on whether the managing director takes up additional professional positions, including membership of other governing bodies outside the organisation. Time constraints and potential conflicts of interest should be considered and balanced against the opportunity for professional development. *[King IV™, principle 10, RP 81]*.
- 4.5 The MOI will determine a director's period in office. In terms of the MOI at each annual general meeting of the company, 1/3 (one third) of the directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a director is appointed as an executive director or as an employee of the company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of directors; *[MOI par 23.3.3.1]*.
- 4.6 The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot; *[MOI par 23.3.2.2]*.
- 4.7 A retiring director shall be eligible for re-election; *[MOI par 23.3.2.3]*.
- 4.8 The underlying purpose of the periodic staggered rotation referred above is to invigorate the board's capabilities by introducing members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity *[King IV™, principle 7, RP 12]*.
- 4.9 Executive directors are at liberty to accept 1 (one) other board appointment, so long as the appointment is not in conflict with the business of the group and will not detrimentally affect their contribution as board members of the company. All other board appointments on other company boards, for both executive and non-executive directors, must first be discussed with and sanctioned by the board chairman.



## **5. DEVELOPMENT OF DIRECTORS**

- 5.1 On their first appointment to the Board, incoming members will have the benefit of a participating in a formal induction programme, established with the assistance of the nominations committee. The programme should meet the specific needs of both the company and the individual board members so that any new director may make the maximum contribution within the shortest time possible. The aim is to deepen their understanding of the company, its operations, its industry, the triple context in which it operates, the capitals it uses and affects as well as the key laws, rules, codes and standards applicable to the company, so that any new director may make the maximum contribution as quickly as possible. *[King IV™, principle 1, RP 1(b)(i) and principle 7, RP 22, 23 and 24].*
- 5.2 Inexperienced directors with no or limited governance experience will be assisted, with the guidance of the chairman, to participate in mentoring programmes where available. The aim is to deepen their understanding of the company, its operations, its industry, the triple context in which it operates, the capitals it uses and affects as well as the key laws, rules, codes and standards applicable to the company, so that any new director may make the maximum contribution as quickly as possible. *[King IV™, principle 1, RP 1(b)(i) and principle 7, RP 22, 23 and 24].*
- 5.3 The need for individually tailored continuing professional development programmes will be identified as part of the biennial assessment of the performance of the directors.
- 5.4 Directors will be provided with regular briefings on changes in risks, laws and the environment but will also be expected to keep abreast of developments in the business environment and markets that may have a material impact on the business.

## **6. BOARD COMMITTEES AND DELEGATION OF AUTHORITY**

- 6.1 In terms of the MOI:
- 6.1.1 the board may appoint board committees, with the assistance of the nominations committee, and delegate to any such committee any of the authority of the board as contemplated in section 72(1) of the Act; *[MOI, par 30.1.1 and King IV™, principle 8, RP 39];*
- 6.1.2 if and for as long as it is required to do so in terms of the Act and unless the company is exempted from doing so by the Tribunal in terms of section 72(5) of the Act, the Board must appoint a social, ethics remuneration and transformation committee having the powers and functions prescribed in terms of section 72 of the Act and the Regulations; *[King IV™ principle 8 RP 68];*
- 6.1.3 if and for as long as any of the company's securities are listed on the JSE, the board shall appoint such board committees as are required by the JSE Listings Requirements, having such functions and powers as are prescribed by or in terms of the JSE Listings Requirements; *[MOI, par 30.3];*

- 6.1.4 The company must further appoint an audit committee in the manner and for the purposes set out in Part D of Chapter 3 of the Act. *[King IV™, principle 8, RP 51].*
- 6.1.5 The board should:
- 6.1.5.1 ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties; *[King IV™, principle 8];*
- 6.1.5.2 subject to paragraphs 6.1.1 and 6.1.3, determine if and when to delegate particular roles and responsibilities to an individual member or members of the Board, or to standing or ad hoc-committees, but without abdicating its own accountability. The exercise of judgement by the board in this regard, is subject to legal requirements and should be guided by what is appropriate for the company and achieving the objectives of the delegation; *[King IV™, principle 8, RP 39];*
- 6.1.6 Unless otherwise agreed by the board, the company will, as a minimum, continue to have an audit, risk committee, social, ethics, remuneration and transformation and a nominations committee. The audit committee and the social, ethics, remuneration and transformation committee shall (despite being statutory committees), constitute committees of the board in respect of all duties assigned to them by the board in addition to their statutory duties in terms of the Act. *[King IV™, principle 8, RP 39].*
- 6.1.7 Authority will be delegated to each board committee established by the board in terms of a formal terms of reference to be approved for each committee by the board and reviewed annually. *[King IV™, principle 8, RP 42].* Any delegation by the board of its responsibilities to a board committee will not by or of itself constitute a discharge of the board's accountability. The board should apply its collective mind to the information, opinions, recommendations, reports and statements presented to the board by the board committee; *[King IV™, principle 8, RP 49].*
- 6.1.8 The board will, with the assistance of the nominations committee, appropriately constitute committees with due regard to the knowledge, skills, experience and capacity required by each committee. *[King IV™, principle 8, RP 45].*
- 6.1.9 The board committees will be chaired by independent non-executive directors. *[King IV™, principle 8, RP 57 and RP 67].*
- 6.1.10 All members of the board committees should be non-executive and the majority should be independent non-executive directors unless otherwise regulated in the terms of reference of the committee. *[King IV™, principle 8, RP 64 and 70].*
- 6.1.11 The board may delegate authority to management, but any such delegation will not by or of itself constitute a discharge of the governing body's accountability.

- 6.1.12 In delegating authority to management, the board should exercise ongoing oversight of the implementation and execution of strategy and operational plans by management against agreed performance measures and targets [*King IV™, principle 1, RP1(c)(i) and principle 4, RP 6*].
- 6.1.13 The board:
- 6.1.13.1 will approve a framework for the delegation of authority that articulates its set direction on reservation and delegation of power; [*King IV™, principle 10, RP 85*];
- 6.1.13.2 should ensure that such framework addresses the authority to make other executive appointments; and [*King IV™, principle 10, RP 86*];
- 6.1.13.3 should disclose, by way of a statement, whether it is satisfied that such framework contributes to role clarity and the effective exercise of authority and responsibilities. [*King IV™, principle 10, RP 89*].

## **7. GROUP COMPANY SECRETARY**

- 7.1 The board will approve the appointment, including the employment contract and remuneration of the group company secretary. [*King IV™, principle 10, RP 90, 91, 92 and 94, JSE Listings Requirements, par 3.84(i) and sections 86 and 89 of the Act*]. The board has the primary responsibility for the removal of the group company secretary. [*King IV™, principle 10, RP 95*].
- 7.2 The board must consider and satisfy itself, on an annual basis, on:
- 7.2.1 the competence, qualifications, experience, gravitas and objectivity of the group company secretary to provide independent guidance and support at the highest level of decision making in the company; [*King IV™, principle 10, RP 94 and JSE Listings Requirements, par 3.84(i)*];
- 7.2.2 the performance and independence of the group company secretary with the assistance of the nominations committee; [*King IV™, principle 10 RP 98*];
- 7.3 Regardless of the arrangements it has approved, the board should ensure that the office of the group company secretary is empowered and that the position carries the necessary authority; [*King IV™, principle 10, RP 93*];
- 7.4 The board should oversee that the person appointed has the necessary competence, gravitas, and objectivity to provide independent guidance and support at the highest level of decision making in the company; [*King IV™, principle 10, RP 94*];
- 7.5 The group company secretary should have unfettered access to the board but for reasons of independence, should maintain an arms-length relationship with it and the directors; [*King IV™, principle 10, RP 96 and JSE Listings Requirements, par 3.84(j)*];

- 7.6 The group company secretary should not be a director of the company; [*King IV™, principle 10, RP 96 and JSE Listings Requirements, par 3.84(j)*];
- 7.7 The group company secretary will, in addition to his/her statutory duties, fulfill the duties of a group company secretary as contemplated in King IV™ and will report to the board via the chairman on all duties and functions performed in connection with the company; [*King IV™, principle 10, RP 97*];
- 7.8 The board will implement such procedures as are required to ensure the independence of the group company secretary.

## **8. MEETING PROCEDURE**

### **8.1 Frequency**

- 8.1.1 The board will hold sufficient scheduled meetings to discharge all its duties but subject to a minimum of four meetings per year or more frequently as circumstances dictate and the number of board meetings held during each reporting period should be disclosed. [*King IV™, principle 1, RP(c)(iv), principle 6, RP 5(a)*].
- 8.1.2 Any board member may, in consultation with the chairman, request additional board meetings to be held as and when deemed appropriate. [*MOI, par 24.3*].
- 8.1.3 From time to time, the non-executive directors of the board shall meet without any members of the executive management team being present, for the purposes of evaluating the information received from executive management about the company and to determine whether it is reliable and of the appropriate standard. Board members must attend all scheduled meetings of the board, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or group company secretary.

### **8.2 Notice and agenda**

- 8.2.1 The group company secretary will be required to facilitate the process of setting the agenda for each meeting as agreed with the chairman and managing director. Every director will be entitled, in consultation with the chairman, to add any item to the agenda for a particular board meeting. [*King IV™, principle 1, RP(c)(iv)*].
- 8.2.2 The board will establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.
- 8.2.3 The notice period for the convening of any meeting of the board will be at least 7 (seven) days unless the decision of the directors is required on an urgent basis which justifies a shorter period of notice, in which event the meeting may be called on shorter notice. The decision of the chairman of the board, or failing the chairperson for any reason, the decision

of any (two) directors as to whether a matter should be decided on an urgent basis, and the period of notice to be given, shall be final and binding on the directors. *[MOI, par 24.4.3.1]*.

8.2.4 The proposed agenda must be circulated to the board at least 10 (ten) days prior to the meeting, to allow directors the opportunity to comment and add agenda items, if required.

8.2.5 The detailed agenda together with supporting documentation will be circulated prior to the meeting within 7 (seven) days as to enable the directors to be properly prepared for the meeting.

### 8.3 Quorum

8.3.1 The quorum necessary for the transaction of business shall be a majority of directors unless otherwise provided for in the company's MOI.

### 8.4 Attendance

8.4.1 The board may (via the chairman) invite executive management and/or senior managers and/or assurance providers and/or professional advisors to be in attendance at board meetings to provide pertinent information and insights in their areas of responsibility. Such persons, to the extent that they are not board members, shall not be entitled to vote at board meetings. *[King IV™, Principle 8, RP 47]*.

8.4.2 In the absence of the chairman at a meeting, the lead independent director will chair the meeting. In his/her absence, the board will elect one of the directors present to act as chairman for purposes of the meeting.

8.4.3 Board members must attend all scheduled meetings of the board, including meetings called on an *ad hoc* basis for special matters, unless they have, prior to the relevant meeting, submitted to the board chairman, or the group company secretary, an apology for their absence at the meeting, and the attendance at such board meetings held during each reporting period should be disclosed; and *[King IV, principle 1, RP 1(c)(iv), principle 8, RP 50(e)]*;

8.4.4 Board members must devote sufficient time and effort to prepare for those meetings to be able to provide appropriate and constructive input on matters for discussion. *[King IV™, principle 1, RP 1(c)(iv)]*. The chairman shall seek a consensus in the board but may, where considered necessary, call for a vote in whatever manner the chairman, in his/her sole discretion, deems appropriate.

8.4.5 Board meetings may be conducted via telephone, closed circuit television, webinar or video conference facilities provided that all concerned can actively participate in the meeting. Directors participating via these facilities will be counted for quorum purposes. The provisions of the charter relating to proceedings of the board apply so far as they are capable of application *mutatis mutandis* to such meetings.

## 8.5 Board resolutions

- 8.5.1 Each director has 1 (one) vote on a matter before the board; *[MOI, par 24.5.3]*.
- 8.5.2 A majority of the votes cast in favour of a resolution is sufficient to approve that resolution; *[MOI, par 24.5.4]*.
- 8.5.3 In the case of a tied vote the chairman may not cast a second or deciding vote and the matter being voted on fails; *[MOI, par 24.5.5]*.
- 8.5.4 A resolution in writing (“round robin resolution”) adopted by the written consent of a majority of the members of the board at the time when such resolution is released, given in person or by electronic communication, shall be as valid and effectual as if it has been passed at a duly constituted meeting of the board, provided that each member of the board shall have received notice of the matter to be decided and, thereby, have been afforded a reasonable opportunity to express an opinion on the matter to which such resolution relates. *[Section 74 of the Act]*.
- 8.5.5 Any round robin resolution:
- 8.5.5.1 may be signed or accepted in any electronic form and in any number of counterparts, all of which, taken together, shall constitute one and the same document;
- 8.5.5.2 may, in signed or unsigned form, be conveyed or transmitted by telefax, e-mail or any other form of electronic means, subject to any conditions decided upon by the board.
- 8.5.6 The passing of round robin resolutions of the board must not detract from the requirements for frequency of board meetings as set out in this charter.
- 8.5.7 All round robin resolutions should be tabled at the next board meeting for noting.

## 8.6 Minutes

- 8.6.1 The group company secretary shall attend and minute all board meetings.
- 8.6.2 The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the board for review thereof. The minutes must be formally approved by the board at its next scheduled meeting. *[King IV™, principle 1, RP 1(f)]*.

## 9. BOARD PROCEDURES AND POLICES

The board will be entitled to adopt and approve such procedures and policies as it may deem necessary to ensure proper governance in the management of its affairs. As a minimum, the board will adopt policies and procedures in respect of the following:



## 9.1 Independent professional advice

The board shall approve a procedure in terms of which any director may take independent professional advice, at the expense of the company, where there is doubt as to whether a proposed course of action is consistent with his/her statutory and/or fiduciary duties and responsibilities.

## 9.2 Personal financial interests and conflicts of interest

9.2.1 The board shall adopt a formal code of ethics in terms of which conflicts of interest are defined and appropriate procedures for dealing with conflicts are prescribed.

9.2.2 Board members are obliged to disclose in writing, at least annually, or whenever there are changes, any personal financial interest in terms of section 75 of the Act and any other interests they have within or outside the company and the group that may be of interest to the company or that may interfere or conflict with the performance of their duties. [*King IV™, principle 1 (a)(ii); principle 7, RP 25*].

9.2.3 Board members should avoid conflicts of interest. Any possible conflict of interest shall at all times be declared (in the manner prescribed by law, if applicable, and in the MOI) as soon as a director becomes aware of the conflict (and in any event such conflict should be declared by no later than the beginning of any board meeting in respect of a matter on the agenda to which the conflict relates but must be so declared prior to the consideration of the matter to which the conflict relates) and the director concerned shall not participate in a discussion or vote on the subject matter and will leave the meeting immediately after making the requisite disclosure. Any such conflicts should, subject to legal requirements, be pro-actively managed, as determined by the board. [*King IV™, principle 1, RP 1(1)(a)(ii) and principle 7, RP 26*].

## 9.3 Trading in company shares and price sensitive information policy

The board shall adopt and approve a formal procedure to regulate price sensitive information and the trading by directors and senior management in the company's shares. When buying or selling securities of the company, board members must strictly observe the provisions of the MOI, the JSE Listings Requirements, the company's own internal rules and policies and all relevant legislative or regulatory procedures and should follow any procedural recommendations prescribed and approved by the board from time to time.

## 9.4 Board policy on disclosure of information

The board shall approve a policy in respect of the dissemination of company information in order to regulate the circulation of price sensitive information and to ensure equal treatment of all shareholders.



## 9.5 Promotion of race and gender diversity at board level

The board shall adopt and approve a formal policy to promote race and gender diversity at board level. The board will strive to meet the voluntary race and gender diversity targets applicable from time to time at board level.

## 9.6 Stakeholder management policy

In the execution of its governance role and responsibilities, the board should appreciate that stakeholders' perceptions affect the company's reputation and should, with the assistance of the social, ethics remuneration and transformation committee, adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time. The board shall adopt and approve a formal stakeholder management policy, which shall set the direction for how stakeholder relationships should be approached and managed in the company. *[King IV™, principle 16, RP 1 & 2].*

## 10. BOARD AND DIRECTOR EVALUATION

10.1 Every alternate year a formal process, either externally facilitated or not in accordance with methodology approved by the nominations committee on behalf of the board, should be followed for evaluating the performance the board, its committees, its chair and its individual members. The board should schedule in its yearly work plan an opportunity for consideration, reflection and discussion of its performance and that of its committees, its chair and its members as a whole. *[King IV™, Principle 9, RP 73 and 74].*

10.2 The chairman of the nominations committee (with the assistance of the group company secretary), will lead the overall performance evaluation of:

10.2.1 the board and board committees; *[King IV™, principle 9, RP 71];*

10.2.2 the managing director, which performance evaluation must be against agreed performance measures and targets; *[King IV™, principle 10, RP 82].*

10.3 The chairman of the board (with the assistance of the group company secretary), will lead the overall performance evaluation of:

10.3.1 the individual directors and board committee chairmen; *[King IV™, principle 9, RP 71].*

10.4 Should an independent service provider not be used, the performance evaluation of the chairman of the board should be led by the lead independent director. *[King IV™, principle 9, RP 72].*

10.5 After completing its evaluation, the board should review the results so that appropriate action can be taken on any recommendations resulting from the review. An overview of the biennial evaluation process, results and action plans will be disclosed in the integrated report. *[King*

*IV™, principle 9, RP 71 - 75].*

- 10.6 The nomination for the re-appointment of a director will only occur after the evaluation of the performance and attendance of the director.

## **11. DIRECTORS' FEES**

- 11.1 Directors' fees will be approved by shareholders on an annual basis on recommendation by the board.
- 11.2 Directors' fees will comprise an annual retainer and an attendance fee per meeting, as detailed in the directors' remuneration policy.
- 11.3 Full disclosure of all fees paid to directors for their services as directors will be made in the integrated report.
- 11.4 Non-executive directors should, as a general rule, not provide any professional or business services of an on-going nature to the company. The company may, for the purpose of a special assignment, engage the services of a non-executive director (specific field of expertise) but the terms of the engagement must be competitive, clearly recorded and all legal requirements with regards to disclosure must be complied with.

## **12. GROUP GOVERNANCE FRAMEWORK**

- 12.1 The board of directors recognises the statutory and fiduciary duties of the directors of a subsidiary company and in particular their duty to act in the best interests of the subsidiary company at all times.
- 12.2 Where appropriate, the adoption and implementation of policies and procedures of the company in the operations of the subsidiary company should be a matter for the board of the subsidiary company to consider and approve.
- 12.3 Where appropriate, the company will consult with the chairman of the board of the subsidiary company, and the nominations committee, before nominating a director or directors to the subsidiary company board in order to ensure that any candidates nominated meet the minimum requirements of the board of the subsidiary company as to skills, experience, background and other relevant attributes.

## **13. REVIEW OF CHARTER**

- 13.1 The charter will be reviewed on an annual basis by the board.

**APPROVED BY THE BOARD ON 20 NOVEMBER 2019**