



**AYO TECHNOLOGY SOLUTIONS LIMITED  
("AYO")**

# **BOARD CHARTER**

The Board of Directors has compiled the following Charter in terms of the recommendations contained in the King Code of Governance Principles (“King IV”). The Charter is subject to the provisions of the Companies Act, the Company’s Memorandum of Incorporation, the JSE Listings Requirements and any other applicable law or regulatory provision. Good governance is about effective leadership which is characterized by the ethical values and responsibility, accountability, fairness and transparency.

This Board Charter is constituted so that no one director has unfettered powers of decision-making

## **1. PURPOSE OF THE CHARTER**

### **The Charter sets out:**

- 1.1 The roles, functions, rights, obligations, responsibilities and powers of the Board.
- 1.2 The policies and practices of the Board in respect to its duties, functions and responsibilities.

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

- 2.1 The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.
- 2.2 The Company shall maintain a unitary Board which shall comprise of executive and non-executive directors of whom the majority shall be independent non-executive directors.
- 2.3 All members of the board, whether they are categorized as executive, non-executive or independent non-executive have, as a matter of law, a duty to act with independence of mind in the best interests of the organisation.
- 2.4 The Chairman of the Board shall preferably be an independent non-executive director.
- 2.5 The Chairman of the board shall appoint the Chief Executive Officer and set the terms of his/her employment.
- 2.6 Directors are to be appointed through a formal process for the nomination, election and ultimately the appointment of members of the Board and assisted by the Nominations Committee. This will help to ensure that the knowledge, skills, experience, diversity and independence requirements are communicated to those who are responsible for the nomination and election and that candidates are properly vetted.
- 2.7 A formal induction programme shall be in place for new directors.

- 2.8 Should directors require training; this will be provided by the company.
- 2.9 No single director will be allowed to dominate the board.
- 2.10 The board should set and disclose progress towards for race and gender diversity.

### **3. MEMBERSHIP OF THE BOARD**

- 3.1 The Board should ensure that its arrangements for delegation within its own structures promote independent judgment and assist with the balance of power and the effective discharge of duties.
- 3.2 The Chairman of the Board and the CEO shall be separate with clearly defined division of responsibilities to ensure a balance of authority and power.
- 3.3 Board members shall be expected to:
  - 3.3.1 Acquire a working knowledge and understanding of the businesses of the company, laws and regulations that govern the activity of the business;
  - 3.3.2 Make independent and sound business decisions and recommendations; and
  - 3.3.3 Exercise stewardship at all times and upholds the highest ethics in conduct.
- 3.4 The period of office of directors shall be as follows:
  - 3.4.1 New directors shall hold office only until the next annual general meeting of the company and will retire and be available for re-election;
  - 3.4.2 All directors are subject to retirement by rotation and re-election by the shareholders as outlined in the company's Memorandum of Incorporation.
  - 3.4.3 Non-executive directors serving for 9 years shall be reviewed to ensure independence and performance.
  - 3.4.4 Termination of service of any executive director shall result in the resignation of that director from the board.
- 3.5 Appointment to the board shall be on recommendation by the Nominations Committee. The process will be formal and transparent. A biography of directors standing for re-election shall be made available to shareholders.
- 3.6 Non-executive directors shall receive a formal letter of appointment setting out their roles and responsibilities.

- 3.7 An induction programme shall be conducted for all new directors.
- 3.8 The board shall have a Nominations Committee with the objectives of ensuring directorship continuity, overseeing the succession plan and the regular review of the performance of board members and board committees.
- 3.9 Non-executive directors shall be at liberty to accept appointments to other boards provided that such appointments do not result in any conflict of interest with the company and shall not impinge on the time of directors to fulfill their fiduciary duties.
- 3.10 Subject to legal provisions, each member of the board should submit to the board a declaration of all financial, economic and other interests held by the member and related parties at least annually, or whenever there are significant changes.
- 3.11 A non-executive member of the board may continue to serve, in an independent capacity for longer than nine years if, upon an assessment by the board conducted every year after nine years, it is concluded that the member exercises objective judgment and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is like to influence unduly or cause bias in decision-making.

#### **4. ROLE OF THE BOARD**

- 4.1 The Board assumes ultimate responsibility and accountability for the performance and affairs of the Company.
- 4.2 The board serves as the focal point and custodian of corporate governance in the organisation and the board's primary governance role and responsibilities include steering the company and setting its strategic direction, with regard to both the company's strategy and the way in which specific governance areas are to be approached, addressed and conducted.
- 4.3 The Board shall provide effective leadership on an ethical foundation.
- 4.4 The Board oversees, monitors, approves and reviews corporate strategy, including Company policies, business plans, annual budgets and appropriate systems.
- 4.5 The Board has a clear scope and delegation of authority, which is evaluated on a regular basis.
- 4.6 The Board oversees the Company's values, corporate governance and ensures ethics are managed effectively.
- 4.7 The Board shall ensure that the Company is known to be a responsible corporate citizen.

- 4.8 The Board shall exercise leadership and integrity in directing the Company's affairs. Strategy, risk, performance and sustainability are inseparable.
- 4.9 The Board ensures accountability for organisational performance by means of, among other, reporting and disclosures.
- 4.10 The Board shall be responsible for the governance of risk and information technology (IT).
- 4.11 The Board shall monitor and maintain a risk management framework and ensure that key risk areas identified and monitored.
- 4.12 The board shall protect and manage the company's financial position with the assistance of the chief financial officer and the Audit and Risk Committee and ensure that:
  - 4.12.1 The financial statements are fairly presented and contain proper disclosures;
  - 4.12.2 Appropriate internal controls and regulatory compliance policies and processes are in place; and
  - 4.12.3 Non-financial aspects relevant to the business of the company are identified.
- 4.13 Approves policies and planning that give effect to the strategy and the set direction of the Company.
- 4.14 The Board oversees and monitors the implementation and execution by management and finally ensures that there is accountability for the performance in respect of each of the governance areas through reporting and disclosure.
- 4.15 The Board shall ensure the Company complies with all the relevant laws, regulations and codes of business practice.
- 4.16 To give effect to the Company's strategy, management will formulate policies and operational plans which will be approved the Board. Management will implement and execute the strategies in accordance with policies and plans which are overseen and supervised by the Board.
- 4.17 The Board oversees and monitors the implementation and execution of the strategy, policies and procedures by management.
- 4.18 The Board shall develop a clear scope and delegation of authority which shall be evaluated on a regular basis.
- 4.20 The Board ensures that the Company complies with all the relevant laws, regulations and codes of business practice.

- 4.21 The Board monitors and maintains a risk management framework and ensures that key risks are identified and monitored.
- 4.22 The Board shall ensure effective risk-based internal audit.
- 4.23 The day-to-day management of the Company vests with executive management within the power and authorities delegated to it by the Board. The Board provides strategic direction and support in the execution of duties.
- 4.24 The Board ensures that it regularly communicates with its shareholders and stakeholders and appreciate that stakeholder perceptions affect the Company's reputation.
- 4.25 The Board promulgates policies consistent with the Company's interests, Code of Ethics, Code of Conduct, corporate governance and good business practice and subscribes to fair, equitable and non-discriminatory employment practices, enhances the communities they serve and protects the environment. Sustainability reporting is integrated with the Company's financial reporting.
- 4.26 The Board shall approve the protocol to be followed in the event that it or any of its members or committees needs to obtain independent, external professional advice at the cost of the organisation on matters within the scope of their duties.
- 4.27 The Board shall be responsible for ensuring that succession plans are in place for the board as a whole, the chairman, chief executive officer, chief financial officer, executive and non-executive directors, executive management and key posts as well as board committee members.
- 4.28 The Board has a responsibility to all its stakeholders.
- 4.29 Executive and independent non-executive directors carry full fiduciary responsibility and owe a duty of care and skill in terms of the laws and regulations of South Africa and the Company's Code of Ethics, always acting in the best interests of the Company.
- 4.30 The Board shall consider business rescue proceedings and/or turnaround mechanisms as soon as the Company is financially distressed.
- 4.31 Board members have unrestricted access to all Company information and records. The company secretary assists any Board member in providing information that may be required.
- 4.32 The Board shall ensure the integrity of the integrated report.
- 4.33 The following should be disclosed in relation to the primary role and responsibilities of the board:

4.33.1 The number of meetings held during the reporting period, and attendance at those meetings.

4.33.2 Whether the board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

## **5. BOARD PROCEDURES**

5.1 The conduct of directors shall be consistent with their duties and responsibilities to the company and indirectly to the shareholders.

5.2 The Company's Memorandum of Incorporation, Companies Act, King IV and the JSE Listings Requirements sets out the director's responsibilities, rights and obligations.

5.3 Directors shall comply with all relevant legislation and required to maintain strict confidentiality of all information relating to the business of the Company.

5.4 Board discussions shall be open and constructive. The Chairman shall seek a consensus in the Board but may call for a vote. Discussions and records shall remain confidential unless a specific directive is received from the Board to the contrary.

5.5 Any director may request the company secretary to include an item on the Board agenda and the board shall, at a minimum consider the matters laid out in the agenda.

5.6 The cycle of the board activities shall include:

5.6.1 Approve the strategy, business plan and the annual budget;

5.6.2 Approve the annual and interim financial results and reports;

5.6.3 Approve the integrated report containing details of environmental, social and economic issues which may relate to the company;

5.6.4 Review the performance of the board members and board committees;

5.6.5 Declare or recommend the payment of dividends if appropriate;

5.6.6 Review policies and procedures

5.7 Non-executive directors may meet with management without executive directors in attendance.

### **5.8 Performance Assessment**

5.8.1 The board shall be responsible for undertaking performance assessments of the Chairman, CEO, financial director, non-executive directors, executive directors,

managers and board committees to evaluate their performance and effectiveness.

- 5.8.2 The board shall ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.
- 5.8.3 The board should appoint an independent non-executive member to lead the evaluation of the chair's performance if a lead independent is not in place.
- 5.8.4 A formal process either externally facilitated or not in accordance with methodology approved by the board should be followed for evaluating the performance of the board, its committees, its chair and its individual members at least every two years.
- 5.8.5 Every alternate year, the board should schedule in its early 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.
- 5.8.6 The following should be disclosed in relation to the evaluation of the performance of the board:
  - 5.8.6.1 A description of the performance evaluations undertaken during the reporting period, including their score, whether they were formal or informal and whether they were externally facilitated or not;
  - 5.8.6.2 An overview of the evaluation and remedial actions taken;
  - 5.8.6.3 Whether the board is satisfied that the evaluation process is improving its performance and effectiveness.

## **5.9 Board Committees**

- 5.9.1 The board shall ensure that its arrangements for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of its duties.
- 5.9.2 The board shall constitute the following committees: - Audit, Risk, Remuneration, Nomination, Transformation, Social & Ethics and any other committee as may be necessary.
- 5.9.3 Each committee shall have formal charters that shall be approved by the board and the terms of reference should deal with the following:

- 5.9.3.1 The composition of the committee, the process and criteria for the appointment of any committee members who are not members of the board;
  - 5.9.3.2 The committee's overall role and associated responsibilities and functions;
  - 5.9.3.3 Delegated authority with respect to decision-making;
  - 5.9.3.4 The tenure of the committee;
  - 5.9.3.5 When and how the committee should report to the board and others;
  - 5.9.3.6 The committee's access to resources and information;
  - 5.9.3.7 The meeting procedures to be followed; and
  - 5.9.3.8 The arrangements for evaluating the committee's performance.
- 5.9.4 The chairman of each committee shall report back to the board at each board meeting and embrace a principle of transparency and full disclosure.
  - 5.9.5 The delegation of authority to board committees shall not mitigate or discharge the directors and the board from their duties and responsibilities.
  - 5.9.6 Board committee members are authorised to obtain independent outside professional advice when necessary.
  - 5.9.7 The board shall be able to impose or revoke any regulation and/or delegation of authority by which any committee or individual shall operate at any time by recording such decision in board minutes.

## **6. CORPORATE GOVERNANCE**

- 6.1 the board is the focal point of corporate governance and is ultimately accountable and responsible for the performance and affairs of the company and steers and sets strategic direction, approves policy and planning, oversees and monitors and ensures accountability thus ensuring that the organisation has an ethical culture, good performance, effective control, is legitimate and conducts itself as a responsible corporate citizen.
- 6.2 The board shall be responsible for ensuring that adequate corporate governance is established and maintained and that it complies with the King IV – Code on Corporate Governance.

- 6.2.1. The board should lead ethically and effectively.
- 6.2.2. The board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.
- 6.2.3. The board should ensure that the organisation is and is seen to be a responsible corporate citizen.
- 6.2.4. The board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.
- 6.2.5. The board shall ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.
- 6.2.6. The board shall serve as the focal point and custodian of corporate governance in the organisation.
- 6.2.7. The board shall comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities.
- 6.2.8. The board shall ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with the balance of power and the effective discharge of its duties.
- 6.2.9. The board shall ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support the continued improvement in its performance and effectiveness.
- 6.2.10. The board shall ensure that the appointment of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.
- 6.2.11. The board shall govern risk in a way that supports the organisation in setting and achieving its strategic objectives.
- 6.2.12. The board shall govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.
- 6.2.13. The board shall govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

- 6.2.14. The board shall ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of its strategic objectives and positive outcomes in the short, medium and long term.
  - 6.2.15. The board shall ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making of the organisations external reports.
  - 6.2.16. In the execution of its governance role and responsibilities, the board shall adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.
  - 6.2.17. The board shall ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.
- 6.3 A corporate governance individual shall be tasked with ensuring governance standards are implemented through the company/group in compliance with legislation and governance codes and report to the board on a regular basis.
- 6.4 The board shall include a full report on its corporate governance in the integrated report and its compliance with King IV.

## **7. RISK GOVERNANCE AND MANAGEMENT**

- 7.1 The board shall govern risk in a way that supports the organisation in setting and achieving its strategic objectives.
- 7.2 The board shall be responsible for the process of risk governance and management and is also responsible for disclosures on risk governance and management in the integrated report and financial statements.
- 7.3 The board shall treat risk as integral to the way it makes decisions and executes its duties.
- 7.4 The board should approve a policy that articulates and gives effect to its set direction risk.
- 7.5 The board should evaluate and agree the nature and extent of the risks that the organisation should be willing to take in pursuit of its strategic objectives.

- 7.6 The board should delegate to management the responsibility to implement and execute effective risk management.
- 7.7 The board should exercise ongoing oversight of risk management and in particular oversee that it results in the following:
  - 7.7.1. An assessment of risks and opportunities emanating from the triple context in which the organisation operates and the capitals that the organisation uses and affects.
  - 7.7.2. As assessment of the potential upside, or opportunity, presented by risk with potentially negative effects on achieving organisational objectives.
  - 7.7.3. An assessment of the organisations dependence on resources and relationships as represented by the various forms of capital.
  - 7.7.4. The design and implementation of appropriate risk responses.
  - 7.7.5. The establishment and implementation of business continuity arrangements that allow the organisation to operate under conditions of volatility, and to withstand and recover from acute shocks.
  - 7.7.6. The integration and embedding of risk management in the business activities and culture of the organisation.
- 7.8 The board should consider the need to receive periodic independent assurance on the effectiveness of risk management.
- 7.9 The nature and extent of the risks and opportunities the organisation is willing to take should be disclosed without compromising sensitive information.
- 7.10 The board shall ensure that risk assessments are conducted and disclosed at board meetings.
- 7.11 The board shall ensure that an effective, ongoing process is in place through the Audit and risk committees, measuring their impact and proactively managing and monitoring these risks. Disclosure to be made to the board once reports have been received.
- 7.12 The board shall be responsible for reporting significant risks that affect decisions of stakeholders and shareholders and these must be disclosed in the integrated report.
- 7.13 In addition, the following should be disclosed in relation to risk:
  - 7.13.1 An overview of the arrangements for governing and managing risk.

7.13.2 Key areas of focus during reporting period, including objectives, the key risks the organisation faces, as well as undue, unexpected or unusual risk and risk taken outside of risk tolerance levels.

7.13.3 Actions taken to monitor the effectiveness of risk management and how the outcomes were addressed.

7.13.4 Planned areas of future focus.

## **8. TECHNOLOGY AND INFORMATION GOVERNANCE**

8.1 The board shall ensure that a Technology and Information Governance charter is in place for the organisation.

8.2 The board shall govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

8.3 The board shall assume responsibility for the governance of technology and information by setting the direction for how technology information should be approached and addressed in the organisation.

8.4 The board shall approve a policy that articulates and gives effect to its set direction on the employment of technology and information.

8.5 The board shall delegate to management the responsibility to implement and executive effective technology and information management.

8.6 The board shall exercise ongoing oversight of technology and information management.

8.7 The board shall consider the need to receive periodic independent assurance on the effectiveness of the organisation's technology and information arrangements.

## **9. ACCOUNTABILITY AND AUDIT**

9.1 The board shall establish an Audit committee to oversee the integrated report in accordance with the JSE Listings Requirements, King IV and the Companies Act.

9.2 The board shall ensure 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 organisations external reports and delegate to the Audit Committee the responsibility for overseeing that those arrangements are effective in achieving the organisations objectives.

- 9.3 The board shall present the company's financial position and its operations in the integrated report and interim results.
- 9.4 The board shall establish formal and transparent arrangements with the external and internal auditors and ensure that timely and accurate disclosure is made of any information that would be of material importance.
- 9.5 The directors shall explain in the integrated report their responsibility for preparing the financial accounts, the facts and assumptions and that the company will continue as a going concern in the forthcoming year shall also be reviewed and reported on.
- 9.6 The board shall satisfy itself that a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that taken as a whole; these support the objectives for assurance.
- 9.7 The board shall oversee the combined assurance model is designed and implemented to cover effectively the organisations significant risks and material matters through a combination of assurance service providers and functions as is appropriate for the organisation.
- 9.8 The board and its committee should assess the output of the organisations combined assurance with objectivity and professional skepticism and by applying an enquiring mind, form their own opinion on the integrity of information and reports and the degree to which an effective control environment has been achieved.
- 9.9 The board shall assume responsibility for the integrity of external reports issued by the organisation by setting the direction for how assurance of these should be approached and addressed.
- 9.10 The board direction in this regard should take into account legal requirements in relation to assurance.
- 9.11 The board shall satisfy itself that the combined assurance model 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 organisations external reports.
- 9.12 External reports should disclose information about the type of assurance process applied to each report in addition to the independent, external audit opinions provided in terms of legal requirements.
- 9.13 The board shall assume responsibility for internal audit by 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. The board shall delegate oversight of the internal audit to the Audit Committee.

- 9.14 The board shall approve an internal audit charter that defines the role and associated responsibilities and authority of internal audit, including addressing its role within combined assurance and the internal audit standards to be adopted.
- 9.15 The board should ensure that the arrangements for internal audit provide the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and that the internal audit is supplemented as required by specialist services such as those provided by forensic audit examiners and auditors, safety and process assessors and statutory actuaries.
- 9.16 The board shall ensure that the position is set up to function independently from management who designs and implements the controls that are in place and that the position carries the necessary authority.
- 9.17 The internal audit shall report to the chair of the Audit Committee on the performance of duties and functions that relate to internal audit.
- 9.18 The board shall ensure that internal audit provides an overall statement annually as to the effectiveness of the organisation's governance, risk management and control processes.
- 9.19 The board shall ensure that an external, independent quality review of the internal audit function is conducted at least once every five years.
- 9.20 The board shall obtain confirmation annually from the chief executive that internal audit confirms to a recognised industry code of ethics.

## **10. REMUNERATION**

- 10.1 The board shall ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.
- 10.2 The board shall assume responsibility for the governance of remuneration by setting the direction on how remuneration should be approached and addressed on an organisation-wide basis.
- 10.3 The board shall approve a policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration and be designed to achieve the organisations objectives.
- 10.4 The remuneration of executive directors and senior managers shall be determined by the Remuneration committee and approved by the board. A detailed report including

the company's remuneration policy shall be published in the integrated report. Non-executive director's fees shall be reviewed by the executive committee and approved by the board for recommendation to shareholders.

- 10.5 No additional remuneration shall be paid to executive directors as executive directors other than in accordance with their employment or service contracts.
- 10.6 The integrated report shall include the salaries of the three highest paid executives who are not directors.
- 10.7 In terms of the Companies Act, fees for non-executive directors for their services as directors must be submitted for approval by special resolution by shareholders within the two years preceding payment.
- 10.8 The remuneration policy and the implementation report should be tabled every year for separate non-binding advisory votes by shareholders at the AGM.

## **11. STAKEHOLDER RELATIONSHIPS**

- 11.1 In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.
- 11.2 The board should approve a policy that articulates and gives effect to its direction on stakeholder relationships.
- 11.3 The board shall delegate to management the responsibility for implementation and execution of effective stakeholder relationship management.
- 11.4 The board should oversee that the company encourages proactive engagement with shareholders, including engagement at the annual general meeting of the company.
- 11.5 The board of the holding company should assume responsibility for governance across the group by setting the direction for how the relationships and exercise of power within the group should be approached and conducted.
- 11.6 The board should approve a group governance framework that articulates and gives effect to its direction on relationships and the exercise of authority across the group.

## **12. RESPONSIBILITIES REGARDING INSTITUTIONAL INVESTING**

- 12.1 With regard to investing in institutional organisations, the board should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.
- 12.2 The board shall assume responsibility for governing responsible investing by setting the direction for how it should be approached and conducted by the organisation.
- 12.3 The board shall approve a policy that articulates its direction on responsible investment. This policy should provide for the adoption of a recognised responsible investment code, principle and practices.

## **13. MEETINGS AND BOARD ATTENDANCES**

- 13.1 Meetings of the board shall be at least four times per year or at the request of management, the chairman or board members.
- 13.2 Directors are to prepare thoroughly for each meeting, expected to participate fully and constructively in board discussion and other activities. Directors shall at all times be aware of their fiduciary duties towards the company. Directors who are unable to attend should inform the company secretary.
- 13.3 The chairman may for good reason request executive directors to leave the boardroom for any part of a board meeting. This is especially so when deliberating executive performance or remuneration or where there may be a conflict of interest.
- 13.4 Executive management may attend board meetings by invitation.
- 13.5 Professional advisors, offices or staff whose input may be required may be invited to meetings at the discretion of the chairman.
- 13.6 The chairman may excuse from the meeting any agenda item or invited attendee who may be considered to the board to have a conflict of interest.
- 13.7 No invitee shall have a vote at meetings.

## **14. PROCEEDINGS OF MEETINGS**

- 14.1 Proceedings of meetings shall be governed by the company's Memorandum of Incorporation.

- 14.2 An annual calendar of meetings shall be drawn up by the company secretary in conjunction with the chairman and CEO.
- 14.3 The company secretary in conjunction with the chairman and CEO shall prepare an agenda raising relevant issues that require the attention of the board to ensure that proceedings are facilitated.
- 14.4 Under exceptional circumstances the board may meet giving at least 5 days' notice. Where possible, such notices should include the agenda and any supporting documentation.
- 14.5 The company secretary shall ensure that the agenda and all documentation are circulated to board members at least 5 days before the date of the meeting. The company secretary shall maintain a record of board submissions and board members requesting documentation in the course of discharging their duties.
- 14.6 Each board meeting shall include at the following matters:
- 14.6.1 Reports on strategic initiatives and progress thereto;
  - 14.6.2 Matters of material or potentially material impact and or risk
  - 14.6.3 Minutes of the previous meeting;
  - 14.6.4 Reports on key operations;
  - 14.6.5 Report by the CEO and financial director
  - 14.6.6 Board committee documents i.e. minutes tabled for information and reports from the relevant chairman; and
  - 14.6.7 Governance matters.
- 14.7 The quorum for board meetings shall be determined by the company's Memorandum of Incorporation.
- 14.8 A director may not vote nor be counted in the quorum on any matter in he/she has an interest and may be recused from any meeting at the discretion of the chairman when such matters are discussed.
- 14.9 Board members are responsible for being satisfied that he/she has been furnished with the relevant information and facts before making a decision.
- 14.10 Decisions will be made by the board reaching a consensus, failing which, a majority of vote of directors present.

- 14.11 Minutes of meetings shall be taken by the company secretary. The minutes shall record the proceedings and decisions taken of which the details shall remain confidential.
- 14.12 Records shall be kept of director's attendance at board meetings.
- 14.13 The board shall make a statement in the integrated report on its compliance with the Board Charter and its activities and the process used in discharging their responsibilities and duties including the board committees.

## 15. MATTERS RESERVED FOR BOARD DECISION

The following matters are reserved for decision by the board of directors:

- 15.1 **Accounting policies and practice** – adoption of any significant change or departure.
- 15.2 **Announcements** – official public announcements made by the board, chairman or CEO.
- 15.3 **Auditors** – on recommendation of the Audit committee, the appointment, replacement or removal thereof.
- 15.4 **Board of directors** – appointments to and removals from the board, appointment of lead independent non-executive director/s and succession planning.
- 15.5 **Borrowings** – involving amounts in accordance with the Memorandum of Incorporation, the granting of security for borrowings other than in the ordinary course of business and the granting of debt covenant.
- 15.6 **Budgets and Strategic Plans** – the approval thereof on an annual basis and the approval of any deviation there from.
- 15.7 **Code of Ethics** – formulation and amendments thereto.
- 15.8 **Capital funding** – terms and conditions of rights issues, capitalization issues or issues of convertible stock including shares or stock issued for acquisitions.
- 15.9 **Circular to shareholders** – approval of and authority for submission to shareholders.
- 15.10 **Committees of directors** – appointment of, terms of reference and change in composition of committees.
- 15.11 **Company secretary** – appointment or removal thereof.
- 15.12 **Directors' fees** – changes and approval by shareholders.
- 15.13 **Dividends** – the payment thereof.

- 15.14 **Division of responsibilities for the chairman, CEO, lead independent non-executive director** – the approval and amendments thereto.
- 15.15 **Financial** – approval of the annual financial statements, interim reports, valuation of unlisted investments, declaration of dividends and unclaimed dividends.
- 15.16 **Financial risk management** – approval of policies.
- 15.17 **General meetings** – convening of and approval of notice of shareholders meetings.
- 15.18 **Going concern assertion** - ensuring the financial, operational and sustainability issues are taken into account.
- 15.19 **Human resources and industrial relations** – determination of human resources policies, guidelines for remuneration, transformation, compensation, benefits, leave, recruitment, retention, retirement, retrenchment, talent management, equal opportunity and all items associated to human resources. Formulation of policies relating to trade unions and industrial relations.
- 15.20 **Investments, fixed assets, contract and capital expenditure** – entering into major contracts other than in the ordinary course of business, acquisitions or disposals, entering into transactions not on arms-length with shareholders or companies controlled by them.
- 15.21 **Litigation** – prosecution, defend or settlement where material and except in the ordinary course of business.
- 15.22 **Memorandum of Incorporation** – recommendation to shareholders for amendments.
- 15.23 **Occupational Health and Safety Act** – appointment of responsible person in terms of the Act.
- 15.24 **Pension and Provident funds** – approval of rules and material amendments thereto.
- 15.25 **Prospectus, rights offer and merger documents** – approval of and authority for posting.
- 15.26 **Proxy forms** – approval of annual and other general meetings.
- 15.27 **Public Officer** – appointment and removal thereof.
- 15.28 **Representation** – grant of general signing authorities.
- 15.29 **Responsible persons** – appointment of responsible person/s in terms of any Act in South Africa.
- 15.30 **Restructuring** – mergers, JV's partnerships, acquisitions, disposals and establishment of business.

- 15.31 **Risk management** – identification, monitoring, effectiveness and delegation of function to the Audit or Risk committee.
- 15.32 **Share Capital and Shareholders loans** – recommendation to shareholders to increase, reduce, alter including share warrants or options; allotment, issue or disposal of shares of the company, terms and conditions of rights issues, capital issues, approval of shareholder loans and capitalization of loans.
- 15.33 **Share Certificates** – authority for the replacement of lost certificates.
- 15.34 **Share Register** – authority for the approval of rectification thereto.
- 15.35 **Shares** – variation of rights attached thereto, where such powers are vested with directors.
- 15.36 **Share incentive schemes** – approval of implementation, rules and amendments thereto.
- 15.37 **Stakeholder relations** – formulation of policies in relation to safety, health, environment, communities and any other policies relevant to the company’s primary stakeholders.
- 15.38 **Standards of conduct** – approval of Code of Ethics and amendments thereto.
- 15.39 **Stock exchange listings** – decision to list the company’s shares on stock exchanges anywhere in the world or terminate any such listings.
- 15.40 **Strategy and policy** – approval of business objectives and plans, change in the nature of business or material deviations from approval business plans, termination of any business which is material to the company’s profitability or business objectives, evaluation of key assumptions and business indicators on which the company’s strategic objectives are based.
- 15.41 **Terms of employment** – approval of principles to be followed and any major deviations thereto as recommended by the Remuneration committee.

## 16. **ROLE OF THE CHAIRMAN**

- 16.1 The board should elect an independent non-executive member as chair to lead the board in the objective and effective discharge of its governance role and responsibilities.
- 16.2 The chairman is primarily responsible for the functioning of the board.
- 16.3 The board should appoint an independent non-executive member as the lead independent to fulfill the following functions:

- 16.3.1 To lead in the absence of the chair.
- 16.3.2 To serve as a sounding board for the chair.
- 16.3.3 To act as an intermediary between the chair and other members of the board if necessary.
- 16.3.4 To deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate.
- 16.3.5 To strengthen independence of the board if the chair is not an independent non-executive member of the board.
- 16.3.6 To chair discussions and decision-making by the board on matters where the chair has a conflict of interest.
- 16.3.7 To lead the performance appraisal of the chair.
- 16.4 In order to determine whether the chair is able to perform the duties of this office effectively, the chair, together with board, should determine the number of outside professional positions that the chair is allowed to hold, taking into account the relative size of the organisations involved.
- 16.5 The board should elect a chairman on an annual basis.
- 16.6 The chairman is responsible for ensuring the integrity and effectiveness of the board and its committees.
- 16.7 The chairman is required to:
  - 16.7.1 Provide overall leadership to the board;
  - 16.7.2 Ensure that the board members are fully involved and informed of any business issue/s on which a decision has to be taken;
  - 16.7.3 Ensure that executive members play an effective management role and participate fully in the operation and governance of the company;
  - 16.7.4 Exercise independent judgment, act objectively and ensure that relevant matters are placed on the agenda and prioritized properly;
  - 16.7.5 Avail himself/herself to the CEO between board meetings to provide counsel and advice;
  - 16.7.6 Ensure that the performance of the CEO is evaluated frequently; and

- 16.7.7 Serving as the chief spokesperson of the company.
- 16.8 When determining which of its committees the chair of the board should serve on, either as a member or chair, the board should consider how this affects the overall concentration and balance of power of the board. The following should apply:
  - 16.8.1 The chair should not be a member of the audit committee.
  - 16.8.2 The chair may be a member of the committee responsible for remuneration but should not be its chair.
  - 16.8.3 The chair should be a member of the committee responsible for nominations of members of the board and may also be its chair.
  - 16.8.4 The chair may be a member of the committee responsible for risk governance and may also be its chair.
  - 16.8.5 The chair may be a member of the social and ethics committee but should not be its chair.
- 16.9 The board should ensure there is succession planning in place for the position of chair.

## **17. ROLE OF THE LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR (“LID”)**

- 17.1 In the circumstances where the chairman of the board is not qualified as being independent, it is recognised that conflicts of interest will arise and the appointment of a LID will be required.
- 17.2 The LID is responsible to the board.
- 17.3 The LID is required to:
  - 17.3.1 Lead governance within the board;
  - 17.3.2 Report to the board;
  - 17.3.3 Serve as a liaison between the chairman, CEO, management and independent directors where necessary;
  - 17.3.4 Preside at board meeting where the chairman is absent or conflicted;
  - 17.3.5 Consult with the chairman, CEO and company secretary on the content of the agenda; convene meetings of independent directors or non-executive directors as appropriate.

## **18. ROLE OF THE CHIEF EXECUTIVE OFFICER (“CEO”)**

- 18.1 The CEO is appointed by the chairman of the board.
- 18.2 The CEO’s responsibility for leading the implementation and execution of the approved strategy, policy, operational planning and should serve as the chief link between management and the board.
- 18.3 The CEO is accountable to the board for amongst other things:
  - 18.3.1 Development and recommendation to the board of the strategy and vision of the company and the annual business plans and budgets that support the company’s long term view;
  - 18.3.2 Achievement of performance goals, objectives and targets;
  - 18.3.3 Maintenance of an effective management team and management structures;
  - 18.3.4 Ensuring that appropriate policies are formulated and implemented to guide activities; and
  - 18.3.5 Ensuring that effective internal organisation and governance measures are deployed.
- 18.4 The CEO should not be a member of the remuneration, audit or nominations committees, but should attend by invitation any meeting, or part thereof, if needed to contribute pertinent insights and information.
- 18.5 The CEO and the board should agree on whether the CEO takes up additional professional positions, including membership of other boards outside the organisation. Time constraints and potential conflict of interest should be considered and balanced against the opportunity for professional development.
- 18.6 The board should satisfy itself that there is succession planning for the CEO position in place to provide continuity of executive leadership. Succession planning should be reviewed periodically, and should provide for both succession in emergency situations and succession over the longer term.
- 18.7 The board should formally evaluate the performance of the CEO against agreed performance measures and targets at least annually.
- 18.8 The board should 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 CEO.

## **19. ROLE OF THE COMPANY SECRETARY**

- 19.1 The company secretary is accountable to the board for:
- 19.1.1 Ensuring that board procedures are followed and reviewed regularly and that applicable rules and regulations for the conduct of the affairs of the board are complied with;
  - 19.1.2 Guiding board members as to how their responsibilities should be properly discharged in the best interests of the company;
  - 19.1.3 Keeping abreast of and informing the board of current and new developments regarding corporate governance thinking and practice; and
  - 19.1.4 Maintaining of statutory records in accordance with legal requirements.
- 19.2 The board should ensure that it has access to professional and independent guidance on corporate governance and its legal duties and that it has support to coordinate the functioning of the board and its committees.
- 19.3 The company secretary should provide corporate governance services and should have unfettered access to the board but, for reasons of independence, should maintain an arms-length relationship with it and its members and should not be a member of the board.
- 19.4 The company secretary should report to the board via the chair on all statutory duties and functions performed in connection with the board. Regarding other duties and administrative matters, the company secretary should report to a member of executive management designated for this purpose.
- 19.5 The performance and independence of the company secretary providing corporate governance services should be evaluated at least annually by the board.

## **20. COMMITTEES OF THE BOARD**

- 20.1 The board shall ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and the effective discharge of duties.
- 20.2 The board should determine if and when to delegate particular roles and responsibilities to an individual member of the board, or to standing or ad hoc-committees. The exercise of judgment by the board in this regard, is subject to legal requirements and

should be guided by what is appropriate for the organisation and achieving the objectives of the delegation.

- 20.3 In the event that the board determines not to delegate all or some of the responsibilities deal with in King IV as part of the responsibilities of a specific committee, the board should ensure that it fulfills those responsibilities itself.
- 20.4 Delegation to an individual member or members of the board should be recorded in writing and approved by the board. The record should set out the nature and extent of the responsibilities delegated, decision-making authority, the duration of the delegation, and the delegates reporting responsibilities.
- 20.5 Delegation to committees should be recorded by means of formal terms of reference that should be approved and reviewed by the board.
- 20.6 The terms of reference should, at a minimum, deal with the following:
  - 20.6.1 The composition of the committee, and the process and criteria for the appointment of any committee members who are not members of the board.
  - 20.6.2 The committee's overall role and associated responsibilities and functions.
  - 20.6.3 Delegated authority with respect to decision making.
  - 20.6.4 The tenure of the committee
  - 20.6.5 When and how the committee should report to the board and others.
  - 20.6.6 The committee's access to resources and information
  - 20.6.7 The meeting procedure to be followed.
  - 20.6.8 The arrangements for evaluating the committee's performance
- 20.7 The board should consider the allocation of roles and associated responsibilities and the composition of membership across committees holistically, so as to achieve the following:
  - 20.7.1 Effective collaboration through cross-membership between committees, where required, coordinated timing of meetings, and avoidance of duplication or fragmented functioning in so far as possible.
  - 20.7.2 Where more than one committee has jurisdiction to deal with a similar matter, the specific role and positioning of each committee in relation to such matter are defined to ensure complementary rather a competing approach.

- 20.7.3 A balanced distribution of power in respect of membership across committees, so that no individual has the ability to dominate decision-making, and no undue reliance is placed on any individual.
- 20.8 The board shall ensure that each committee, as a whole has the necessary knowledge, skills, experience and capacity to execute its duties effectively.
- 20.9 Each committee should have a minimum of three members subject to legal provisions where applicable.
- 20.10 Members of the executive and senior management should be invited to attend committee meetings either by standing invitation or on an adhoc basis to provide pertinent information and insights in their areas of responsibility.
- 20.11 Every member of the board is entitled to attend any committee meetings as an observer. However, unless that member is also a member of the committee, the member is not entitled to participate without the consent of the chair, does not have a vote, and is not entitled to fees for such attendance, unless payment of fees is agreed to by the board and shareholders.
- 20.12 Any delegation by the board of its responsibilities to a committee or a member of the board 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 by the committee or the member.
- 20.13 The following should be disclosed in relation to each committee of the board:
- 20.13.1 Its overall role and associated responsibilities and functions.
  - 20.13.2 Its composition, including each member's qualification and experience.
  - 20.13.3 Any external advisers or invitees who regularly attend committee meetings.
  - 20.13.4 The number of meetings held during the reporting period and attendance at those meetings.
  - 20.13.5 Whether the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.
- 20.14 The board shall have the following committees in place:
- 20.14.1 Audit and risk committee.
  - 20.14.2 Remuneration committee.
  - 20.14.3 Social and Ethics committee

20.14.4 Nominations committee

20.14.5 Transformation committee

20.14.6 Investment committee

20.14.7 Technology and information committee (incorporated as part of the Audit and risk committee)

## **21. DUTIES OF INDIVIDUAL BOARD MEMBERS AND DISCLOSURE OF INFORMATION**

- 21.1 Board members act jointly when discharging their duties and no board members has authority to act on behalf of the company unless specifically authorised or required by the board. Board members are jointly and severally liable and account for board decisions and actions.
- 21.2 Board members are legally obliged to act in the best interest of the company, to act with due care in discharging their duties as board members, to declare and avoid conflicts of interest and to account for any advantages gained in discharging their duties on behalf of the organisation.
- 21.3 A board member who has a real or prospective interest in any of the business of the company shall declare such interest at a board meeting as soon as the board member becomes aware of such specific interest. All board members shall in good faith disclose to the board any business or other interest that is likely to create a potential conflict of interest including:
- 21.3.1 All business interests, direct or indirect in any other company, partnership or business venture;
  - 21.3.2 Membership of trade, business or other economic organisation;
  - 21.3.3 Shareholdings, share options and/or other interests in the company;
  - 21.3.4 Any direct or indirect interest in any transaction with the company; and
  - 21.3.5 Any gifts, monies, commissions, benefits or other favours extended or received from any party in respect of or in relation to any business dealings with the company.
- 21.4 A register of director's declarations of interest shall be kept by the company secretary.
- 21.5 Directors shall at all times, observe the provisions of all relevant rules, legislative or regulatory procedures and internal company policy when dealing in their securities.

## **22. STAKEHOLDER RELATIONSHIPS**

- 22.1 The board shall assume responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in the organisation.
- 22.2 The board should approve a policy that articulates and gives effect to its direction on stakeholder relationships.
- 22.3 The board should delegate to management the responsibility for implementation and execution of effective stakeholder relationship management.
- 22.4 The board should exercise ongoing oversight of stakeholder relationship management and, in particular, oversee that it results in the following:
  - 22.4.1 Methodologies for identifying individual stakeholders and stakeholder groupings.
  - 22.4.2 Determination of material stakeholders based on the extent to which they affect, or are affected by, the activities, outputs and outcomes of the organisation.
  - 22.4.3 Management of stakeholder risk as an integral part of the organisation-wide risk management.
  - 22.4.4 Formal mechanisms for engagement and communication with stakeholders include the use of dispute resolution mechanism and associated processes.
  - 22.4.5 Measurement of the quality of material stakeholder relationships, and appropriate responses to the outcomes.
- 22.5 The board should oversee that the company encourages proactive engagement with shareholders, including engagement at the annual general meeting (AGM) of the company.
- 22.6 All directors should be available at the AGM to respond to shareholders' queries on how the board executive its governance duties.
- 22.7 The board should ensure that the designated partner of the external audit firm attends the AGM.
- 22.8 The board should ensure that shareholders are equitably treated, and that the interests of minority shareholders are adequately protected.
- 22.9 The minutes of the AGM should be made publicly available.

## **23. GENERAL**

- 23.1 The board and its members in carrying out their tasks under this Board Charter may obtain such outside or other independent professional advice as considered necessary to carry out their duties.
- 23.2 All board members shall have access to executive management and the company secretary for advice about the operations and governance of the company and board procedures.
- 23.3 Any member of the board, senior partner of the external auditors, internal audit, head of risk or any member of any board committee must bring to the notice of the board or its chairman, the CEO or the financial director any material matter that he/she deems appropriate.
- 23.4 If any part of this Charter conflicts with anything contained in the Memorandum of Incorporation, the Memorandum of Incorporation shall take precedence.
- 23.5 This Board Charter may be amended from time to time by the board.

This revised Board Charter was adopted by the Board of Directors on 03 May 2018.