

# Board Charter

## 1. INTRODUCTION

- 1.1 This document sets out the charter adopted by the board of directors of Etion Ltd ("the Company") to govern the responsibilities, behaviour and authority of the Board of Directors.
- 1.2 The Board Charter is subject to the provisions of the:
- Companies Act and Regulations, 71 of 2008 ("the Companies Act");
  - Company's Memorandum of Incorporation;
  - King Report on Corporate Governance South Africa ("King Report"); and
  - any other applicable law or regulatory provision.

## 2. PURPOSE OF THE BOARD CHARTER

The purpose of this charter is to set out the board's role and responsibilities as well as the requirements for its composition and meeting procedures.

## 3. COMPOSITION OF THE BOARD

- 3.1 The unitary board should comprise a balance of executive and non-executive directors with the necessary skills and experience.
- 3.2 The Board should comprise of a balance of executive and non-executive directors, with a majority of non-executive members, a majority of which should be independent.
- 3.3 Directors are appointed through a formal process and the Nomination Committee assists with the process of identifying suitable candidates to be proposed to the shareholders.
- 3.4 The chief executive officer ("CEO") and the chief finance officer are ex officio members of the board and the roles of Chairman and CEO shall be separated.
- 3.5 The leadership of the company is the responsibility of the CEO. All board authority conferred on management is delegated through the CEO.
- 3.6 The Chairman shall be a non-executive director preferably independent. If the Chairman is not independent, the Company must appoint a lead independent non-executive director.

- 3.7 The leadership of the board is the responsibility of the Chairman.
- 3.8 The board shall strive to ensure that its effectiveness is enhanced by racial and gender diversity.
- 3.9 A formal induction programme is established for new directors and inexperienced directors will receive development through a mentorship programme.
- 3.10 Continuing professional development programmes are implemented which ensure that directors receive regular briefings on changes in risks, laws and the environment.
- 3.11 Although there is no limit on the number of boards on which a director may serve, non-executive directors must advise the Chairman of other planned board appointments and Executive directors will require the approval of the Remuneration Committee to accept outside directorships.

## 4. ROTATION OF DIRECTORS AND TERM LIMIT

- 4.1 At each general annual meeting 1/3 of the non-executive directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 shall retire from office, provided that in determining the number of directors to retire no account shall be taken of any director who by reason set out below in 4.2 is not subject to retirement. The manner in which the rotation of directors should be considered is further regulated by the Memorandum of Incorporation.
- 4.2 A managing director whom may be appointed by contract for a maximum period of 5 (five) years at any one time and he shall be subject to retirement by rotation and be taken into account in determining the rotation of retirement of directors, except during the period of any such contract, provided always that the number of directors so appointed shall at all times be less than 1/2 of the number of directors in office. The managing director shall be eligible for reappointment at the expiry of any period of appointment.
- 4.3 Each member of the board of directors serves for a term of three years or the unexpired portion of a three-year term of the Director who resigned or was removed. There is no limit on the number of terms that a Director may serve.

## 5. RETIREMENT AGE

There is no retirement age.

## 6. REMOVAL OR RESIGNATION OF BOARD MEMBERS

The removal and resignation process are regulated by the Companies Act and the Memorandum of Incorporation of the Company.

## 7. ROLE AND RESPONSIBILITIES

The board and its sub-committees specifically assume responsibility for:

- 7.1 acting as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles.
- 7.2 the strategy, risk management, performance and sustainability of the Company.
- 7.3 providing effective leadership based on ethical foundations.
- 7.4 succession planning for the Chairman, Chief Executive, executive directors, directors of subsidiaries and senior management.
- 7.5 ensuring that the Company is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the Company but also the impact that business operations have on the environment and the society within which it operates.
- 7.6 ensuring that the Company's ethics are managed effectively.
- 7.7 ensuring that the Company has an effective and independent audit and risk committee.
- 7.8 ensuring that the Company has an effective remuneration committee.
- 7.9 the responsibility for ensuring that the appropriate systems are in place to identify, monitor and manage business risk and to ensure regulatory and legal compliance.
- 7.10 the responsibility for information technology (IT) governance.
- 7.11 ensuring that the Company complies with applicable laws and considers adherence to non-binding rules and standards.

- 7.12 ensuring that there is an effective risk-based internal audit process.
- 7.13 appreciate that stakeholder's perceptions affect the Company's reputation.
- 7.14 ensuring the integrity of the Company's integrated report.
- 7.15 acting in the best interests of the Company by ensuring that individual directors:
- adhere to legal standards of conduct;
  - are permitted to take independent advice in connection with their duties following an agreed Procedure;
  - disclose real or perceived conflicts to the board and deal with them accordingly; and
  - deal in securities only in accordance with the policy adopted by the board.
  - commencing business rescue proceedings as soon as the Company is financially distressed
  - electing a chairman of the board that is an independent non-executive director.
- 7.16 reviewing the CEO's performance through the Chairman.

## 8. DELEGATION

The board may delegate certain functions to its sub-committees but without abdicating its own responsibilities. Delegation of certain functions is formal and involves the following:

- 8.1 Formal terms of reference are established and approved for each committee of the board.
- 8.2 The committees' terms of reference are reviewed once a year.
- 8.3 The committees are appropriately constituted with due regard to the skills required by each committee.
- 8.4 The board establishes a framework for the delegation of authority to management.

## 9. MEETING PROCEDURES AND MEMBERS OBLIGATIONS

- 9.1 Meetings of the Board will be held as frequently as the Board considers appropriate to discharge all its duties as set out in this charter, but subject to a minimum of four meetings per year.
- 9.2 Meetings in addition to those scheduled may be held at the instance of a board member.

- 9.3 The chairman of the board may meet with the chief executive officer and the chief finance officer and/or the Company Secretary prior to a board meeting to discuss important issues and agree on the agenda.
- 9.4 The Company Secretary will be responsible for circulating the agenda and other meeting papers at least one week ahead of the board meeting.
- 9.5 Board members must disclose in writing their interest in contracts.
- 9.6 Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only and they may not vote.
- 9.7 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 company secretary.
- 9.8 The company secretary is the secretary to the board.
- 9.9 The quorum for board meetings shall be the majority of the directors present in person or via telecom facilities.
- 9.10 If the nominated chairman of the board is absent from a meeting, the members present must elect one of the members present to act as chairman.
- 9.11 Board members must be fully prepared for board meetings to be able to provide appropriate and constructive input on matters for discussion.
- 9.12 The minutes must be completed at least a month 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.

## 10. BOARD ACTION WITHOUT A MEETING

- 10.1 A resolution in writing, signed by the sole director or by a majority of the directors for the time being present in the Republic and not less than are sufficient to form a quorum shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constitute: Provided that where a director is not present in the Republic, but has an alternate who is, the resolution must be signed by that alternate;

- 10.2 In the case of matters requiring urgent resolution or, if for any reason it is impracticable to meet or pass a resolution at a board meeting proceedings may be conducted by utilising conference telephone facilities or video conference facilities, provided that the required quorum is met. A resolution agreed to by a majority of the directors participating during the course of such proceedings shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted.

## 11. EVALUATION

The board will undertake a self-assessment procedure annually to review its mix of skills, performance during the year, the contribution of individual directors and the effectiveness of its committees.

## 12. DECLARATION OF INTERESTS

Directors shall at all times observe the legal requirements in respect of the declaration of interest and do everything reasonably possible to avoid a conflict of interest in the execution of their duties and responsibilities to the Company.

### APPROVAL OF THIS CHARTER

The Chairman of the Board was authorised to sign the Charter as the approved charter for the Board. The Charter will be reviewed annually.

### Chairman of the Board

Date: 20 March 2018