

# **METAIR INVESTMENTS LIMITED**

## **BOARD CHARTER**

Approved by the board of directors on 30 November 2018

## **Board Charter**

### **Introduction**

The board of directors (board) of Metair Investments Limited (the Company) acknowledges the need for a board charter as recommended in the King IV Report on Corporate Governance for South Africa, 2016 (King IV™).

This board charter is subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

### **Purpose of the board charter**

The purpose of this charter is to set out the board's role and responsibilities, the requirements for its composition and meeting procedures and to ensure the board performs its role of ensuring proper and efficient performance of the company's functions within an environment of sound corporate governance.

### **Composition**

The board should comprise of the appropriate balance of knowledge, skills, size, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The board should set targets for race and gender representation in its membership.

The board comprises a balance of executive and non-executive directors, with a majority of non-executive directors. A majority of the non-executive directors are independent. There should be a sufficient number of members that qualify to serve on the committees of the Company.

Directors are appointed through a formal process undertaken by the board as a whole to appoint suitable candidates to be confirmed at the next Annual General meeting by shareholders.

The number of outside positions held by the Chairman as well as the other non-executive board members should be considered by the board in order to determine whether they will be able to perform their duties. The relative size and complexity of the companies involved should also be taken into consideration.

A non-executive director may continue to serve in an independent capacity for longer than nine years, subject to an annual assessment, following the nine years regarding the particular director's objectivity.

Directors will rotate as stipulated by the company's Memorandum of Incorporation.

The board will nominate an independent non-executive director to be the Chairman of the Board. The board should also ensure that there is succession planning in place for the position of the chair. The reason for the above decision is required to be disclosed in the integrated annual report.

The board can appoint a lead independent non-executive director to lead in the absence of the chairman.

The chief executive officer and the chief finance officer are *ex officio* members of the board.

### **Role and responsibilities**

The board should serve as the focal point and custodian of corporate governance in the Company. The board should exercise its leadership role by steering the company, setting strategic direction, approving policy and planning that give effect to the direction provided, overseeing and monitoring of implementation and execution by management, and ensuring accountability for the company's performance by means of reporting and disclosure.

Therefore, the role and responsibilities of the board are to: -

- i. act as the focal point for, and custodian of, corporate governance by arranging its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles;
- ii. comply with King IV™ except to the extent agreed to by the board, or where the MOI provides more stringent rules. The board shall review corporate governance practices in view of new developments from time to time;
- iii. steer and sets strategic direction with regards to the Company's strategy and the way in which specific governance areas are to be approached, addressed and conducted;
- iv. approves policy and planning that gives effect to the strategy and the set direction of the Company;
- v. ensures accountability for the Company's performance by means of, among others, reporting and disclosure;
- vi. oversees and monitors implementation and execution of strategic and operational plans by management against agreed performance measurements and targets;
- vii. appreciate that strategy, risk and opportunity, business model, performance and sustainable development are inseparable to the value creation process and to give effect to this by:
  - Contributing to and approving the strategy.
  - Satisfying itself that the strategy and business plans do not give rise to risks and opportunities that have not been thoroughly assessed by management.
  - Identifying key performance and risk and opportunity areas.
  - Ensuring that the strategy will result in sustainable outcomes.

- Considering sustainability as a business opportunity that guides strategy formulation;
- viii. be alert to the general viability of the company with regard to its reliance and effects on the capitals, its solvency and liquidity, and its status as an ongoing concern;
- ix. provide ethical and effective leadership towards the achievement of ethical culture, good performance, effective control and legitimacy;
- x. ensure 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;
- xi. ensure that the Company's ethics are managed effectively to establish an ethical culture. To this extent, the board shall establish the values of the group in support of its mission, and establish principles and standards of ethical business practices in support of such values. These principles and standards should be communicated to its affected stakeholders in codified control form, and the board shall assume responsibility and accountability to stakeholders for compliance of these;
- xii. ensure 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;
- xiii. ensure that the Company has an effective and independent audit committee;
- xiv. be responsible for the governance of risk to support the Company in setting and achieving its strategic objectives;
- xv. be responsible for technology and information governance that supports the Company in setting and achieving its strategic objectives and approving a policy that articulates and gives effect to its set direction on the employment of information and related technology;
- xvi. ensure that in the countries that the Company operates in it complies with applicable laws and considers adherence to non-binding rules and standards in a way that supports the Company being ethical and a good corporate citizen, by setting direction of how compliance should be approached and addressed, and ensuring a policy to this effect is articulated;
- xvii. ensure that the Company has an effective and compliant remuneration committee;

- xviii. ensure that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term, and that there is a remuneration policy in place addressing the company-wide remuneration and the elements prescribed in legislation and the King IV™;
- xix. ensure that the execution of the remuneration policy achieves the objectives of the policy, and that disclosure of remuneration is by means of a remuneration report;
- xx. ensure that the Company has an effective and compliant social and ethics committee;
- xxi. appreciate that stakeholder's perceptions affect the Company's reputation, adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time;
- xxii. ensure that the company has an effective stakeholder management framework by:
  - a. considering the legitimate interests and expectations of stakeholders other than shareholders in its deliberations;
  - b. having a methodology in place for identifying stakeholders and shareholder groupings;
  - c. management of stakeholder risk as integral part of the company-wide risk management
  - d. formulating mechanisms for engagement and communication with stakeholders, including the use of dispute resolution mechanisms and associated processes;
  - e. overseeing that the company encourages proactive engagement with shareholders, including engagement at the annual general meeting. All directors should be available at the annual general meeting to respond to any queries by the shareholders on the execution of the governance duties by the board and its sub-committees, and the designated external audit partner should attend the meeting as well;
  - f. ensuring that shareholders are equitably treated and that the interests of the minority shareholders are adequately protected;
  - g. the board, through its social and ethics committee, shall identify, monitor, and report periodically, on the extent of its social, transformation, ethical, safety, health, environmental management and other corporate citizen policies and practices. The disclosures of this information should be governed by the principles of reliability, relevance clarity, comparability, timeliness and verifiability;

- xxiii. set direction on how reporting will be approached and conducted, ensure the compliance to the applicable legal requirements by the company's integrated report, and ensure the integrity of the company's annual reports;
- xxiv. act in the best interests of the Company at all times by ensuring that individual directors:
- Exercise their fiduciary duties and with the necessary care, skill and diligence.
  - Act with integrity, competence, responsibility, accountability, fairness and transparency.
  - Adhere to legal requirements.
  - Practice objective judgment with regards to the affairs of the Company independently from management, but with sufficient information to enable a proper and objective assessment.
  - Are permitted to take independent advice in connection with their duties following an agreed procedure.
  - Immediately disclose actual or potential conflicts of financial, economic or other interest that may or might reasonably be thought to exist between the interest of the director and the interest of the company and deal with them accordingly.
  - Deal in securities only in accordance with the policy adopted by the board;
- xxv. commence business rescue proceedings as soon as the Company is financially distressed;
- xxvi. elect a chairman of the board that is a non-executive director or if a non-independent chairman is appointed, appoint a lead independent non-executive director;
- xxvii. appoint and evaluate the performance of the chief executive officer;
- xxviii. ensure that the Company has an effective and compliant nominations committee:
- Consider potential candidates for board vacancies and appoint suitable candidates who are required to be confirmed by shareholders at the following Annual General meeting.

- Develop a pool of potential directorial candidates for consideration in the event of a vacancy on the Board of Directors including nominees recommended by shareholders;
- Ensure the establishment of a formal process for the appointment of directors, including:
  - identification of suitable members of the board;
  - performance of reference and background checks of candidates prior to nomination; and
  - Formalising the appointment of directors through an agreement between the Company and the director.
- Regularly review the board structure, size and composition and make recommendations to the board with regards to any adjustments that are deemed necessary.
- Ensure that a formal succession plans for the board, Chief Executive Officer and senior management appointments are developed and implemented and be responsible for identifying and nominating candidates for the approval of the board to fill vacancies as and when they arise.
- Oversee the development of a formal induction programme for new directors and ensure that inexperienced directors are developed through a mentorship programme as well as overseeing the development and implementation of continuing professional development programmes for directors.
- The Committee shall make recommendations to the board for the continuation (or not) in services of any executive director that has reached the age of 65, and any non-executive director that has reached the age of 75.
- Recommend directors that are retiring by rotation, for re-election.

The Chairman should be a member of the Nominations Committee responsible for nominations of members of the board and may be its chair.

xxix. establish an effective and independent audit and risk committee, and ensure that the committee is independent and performs the following functions on behalf of the board:

- Nominates the external auditor to the board for appointment, in accordance with the Companies Act and the procedures set out in the Audit and Risk Committee charter.
- Approves the terms of engagement and remuneration for the external audit engagement.
- Determine the policies and processes necessary to ensure the integrity, scope, and effectiveness of internal controls and risk management.
- Appoint assurance services and functions where necessary to enable an effective control environment, and that these support the integrity for internal decision-making and the company's external reports.
- The audit and risk committee should develop a combined assurance model for approval by the board which incorporates and optimises the

various assurance services and functions, and assess the output of the combined assurance model with objectivity and professional scepticism.

- Ensure a formal risk assessment is undertaken annually.
- Be responsible for governance of risk, and assist the board establishing, reviewing and monitoring the enterprise risk management process and the significant risks facing the group.
- Ensure that the company has an effective risk-based internal audit, and sets 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 audit and risk committee should develop an internal audit charter for approval by the board that defines the role and associated responsibility, and authority of internal audit.
- Ensure that arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of the risk faced by the company, and that internal audit is supplemented as required by specialist services.
- Ensure that the head of internal audit position, be it in house or an outsourced function, is set up to function independently from management, and that the position carries out the necessary authority. The board will approve this appointment, including the employment contract and remuneration.

The board should do everything necessary to fulfil its role set out above.

### **Role of the Chairman**

The role of the chairman is to:

- I. set the ethical tone of the Company;
- II. provide overall leadership to the board;
- III. actively participate in the selection of board members;
- IV. determine and formulate the boards annual work plan against agreed objectives;
- V. manage conflict of interest by asking conflicted directors to recuse themselves from meetings where there is an actual or possible conflict of interest;
- VI. act as the link between the board and the management;
- VII. be collegiate with board members while at the same time maintaining an arm's length relationship;
- VIII. ensure that directors play a full role in the affairs of the Company and take a lead role in removing non-performing or unsuitable directors;



- IX. ensuring necessary information is placed before directors to make informed decisions;
- X. monitoring how the board functions collectively;
- XI. meet with individual directors to evaluate their performances;
- XII. strike a balance between informed and intellectually naive questions in eliciting decisions;
- XIII. ensure that all directors are suitably qualified and that a formal program of continuing education is adopted at board level;
- XIV. work closely with the company secretary to ensure that all board members fully understand the nature and extent of their responsibilities as directors to ensure effective governance of the company; and
- XV. ensure that good relations are maintained with the Company's shareholders and stakeholders.

The chairman may not be a member of the audit committee. The chairman may be a member of the remuneration committee but may not be the chair. The chairman may be a member of the social and ethics committee but should not be its chair.

The chief executive officer of the company may not be elected as chairman.

**The role of the Lead Independent Non-Executive Director (if applicable)**

- I. The role of the lead independent non-executive director is to assume the chairmanship when the Chairman is not available;
- II. serve as a sounding board for the chair;
- III. act as an intermediary between the chair and other members of the board, if necessary;
- IV. deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate;
- V. strengthen independence on the board if the chair is not an independent non-executive director;
- VI. chair discussions and decision-making by the board on matters where the chair has a conflict of interest; and
- VII. lead the performance appraisal of the chair.

## **Delegation**

The board delegates certain functions to well-structured committees but without abdicating its own responsibilities.

The board to ensure that its arrangements for delegation within its own structures promotes independent judgement, and assist with balance of power and the effective discharge of its duties.

Delegation is formal and involves the following:

- Formal terms of reference are established and approved for each committee of the board.
- The committees' terms of reference are reviewed once a year.
- The committees are appropriately constituted with due regard to the skills, knowledge and experience required by each committee to execute its duties effectively.
- Each committee should have a minimum of three members subject to legal provisions, where applicable.
- Effective collaboration through cross-membership between committees.
- 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.
- The board establishes a framework for the delegation of authority to management to contribute to role clarity and the effective exercise of authority and responsibilities.
- Executive and senior management should be invited to attend committee meetings either by standing invitation or on an ad-hoc basis to provide pertinent information and insights in their areas of responsibility.
- Every member of the board is entitled to attend any committee meeting as an observer.

## **Meeting procedures**

### ***Frequency***

The board must hold sufficient scheduled meetings to discharge all its duties as set out in this charter but subject to a minimum of four meetings per year.

Meetings in addition to those scheduled may be held at the instance of a board member.

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.

Nomination committee activities are to be discussed at a minimum of two meetings a year.

### **Attendance**

Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only and they may not vote.

Board members must attend all scheduled meetings of the board in person, 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.

The company secretary is the secretary to the board.

If the nominated chairman of the board is absent from a meeting as well as the lead independent non-executive director, the members present must elect one of the members present to act as chairman.

### **Agenda and minutes**

The board must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

The annual plan must ensure proper coverage of the matters laid out in this charter: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the board and other invitees.

Board members must be fully prepared for board meetings to be able to provide appropriate and constructive input on matters for discussion.

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.

### **Quorum**

A representative quorum for meetings is as provided for in the Company's memorandum of incorporation.

Individuals in attendance at board meetings by invitation may participate in discussions but do not form part of the quorum for board meetings.

## **Evaluation**

The board is to ensure that the evaluation of its own performance, its committees and individual directors, including the chairman, be performed to support continued improvement in its performance and effectiveness. The evaluation of the board and committee performance to be performed once per annum and the evaluation of individual directors and the chairman every alternate year.

The lead independent non-executive director to lead the evaluation of the chair's performance.

## **Professional development**

The directors of the board must acquaint themselves with the fiduciary duties, responsibilities and issues pertaining to the position.

The company secretary will ensure that there is an induction programme to assist new directors, as well as a comprehensive information pack, which includes documents such as the board charter, the structure of the organisation, the regulatory universe, etc.

Inexperienced directors are developed through a mentorship programme.

Continuing professional development programmes are implemented which ensure that directors receive regular briefings on changes in risks, laws and the business environment.

## **Approval of this charter**

This charter was approved by the chairman of the board on 30 November 2017 and reconfirmed on 30 November 2018.