



Board Charter

WP034

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BOARD CHARTER
of
WATER INSTITUTE OF SOUTHERN AFRICA NPC
(Registration Number 2000/001140/08)
("the Company")

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1. INTRODUCTION

- 1.1. This Board Charter is subject to the provisions of the Companies Act, 71 of 2008, (“**the Companies Act**”), the Company’s Memorandum of Incorporation (“**MOI**”), the Company’s Rules (“**Rules**”) and any applicable law or regulatory provision.
- 1.2. This Board Charter is not intended to replace or amend the MOI or Rules in any way whatsoever. In the event of a conflict between the MOI and/or the Rules and the Board Charter, the provisions of the MOI and Rules shall prevail.
- 1.3. The Board Charter is also not intended to contain a comprehensive summary of the applicable legal principles. Board members requiring advice in respect of any matter referred to in this Board Charter should consult the CEO in this regard.
- 1.4. Matters which appear in the MOI or the Rules and which are repeated in this Board Charter are repeated purely for emphasis and continuity.
- 1.5. Words importing the singular shall include the plural and vice versa and words importing an expression which denotes any gender includes the other genders.

2. PURPOSE OF THE BOARD CHARTER

- 2.1 The purpose of the Board Charter is to provide a concise overview of –
 - 2.1.1 the roles, responsibilities, functions and powers of the Company’s Board (“**the Board**”), individual Directors and the officials and executives of the Company;
 - 2.1.2 the powers delegated to various Board committees of the Company;
 - 2.1.3 relevant principles of the Company’s limits and delegations of authority and matters reserved for final decision-making or pre-approval by the Board; and
 - 2.1.4 the policies and practices of the Board in respect of matters such as corporate governance, declarations and conflicts of interest, Board meeting documentation and procedures, composition of the Board and the nomination, appointment, induction, training and evaluation of Directors and members of Board committees.

3. THE BOARD, OTHER ORGANS OF THE COMPANY, AND COMPANY OFFICIALS

3.1 The Members

- 3.1.1 Matters reserved for decision-making by the Members of the Company are set out in the MOI and the Companies Act.
- 3.1.2 A matter reserved for decision-making by the Members is considered by the Board before

it is recommended to the Members for decision-making. The Board will, where appropriate, provide the Members with its recommendation and the relevant material information in respect of resolutions proposed for Member approval.

3.1.3 It is the policy of the Company to accurately disclose company information to Members and potential investors in such a way that the Members are apprised of all material aspects of the conduct of the Company.

3.1.4 Directors and executive management are expected to attend Members' meetings, as defined in the MOI. The Chairpersons of all Board committees are expected to be available at the Company's annual general meeting to respond to relevant questions or queries.

3.1.5 Proceedings at meetings of Members are governed by the provisions of the Companies Act and the MOI.

3.2 **The Board**

3.2.1 General powers of the Board

3.2.1.1 The role, function and powers of the Board, its Members and committees and its relationship vis-à-vis other organs of the Company are determined by law, the MOI of the Company, the Rules, corporate governance best practices, and decisions and policies of the Board.

3.2.1.2 The Board is responsible for steering the Company and setting its strategic direction. In managing or directing the affairs of the Company, the Board has authority to exercise all of the powers and perform any of the functions of the Company except to the extent that the Companies Act, MOI and Rules provide otherwise.

3.2.1.3 The Board accordingly has the power to make any decision in respect of the Company which has not been specifically reserved for decision-making by the Members.

3.2.1.4 The Board must exercise its powers responsibly in the best interests of the Company with due regard to the interest of stakeholders of the Company.

3.2.2 The role, functions and responsibilities of the Board

3.2.2.1 Within the powers conferred upon the Board by the MOI and the Companies Act the Board has determined its main function and responsibility as being to add significant value to the Company by -

3.2.2.1.1 retaining full and effective control over the Company and providing

effective and ethical leadership in the best interest of the Company;

3.2.2.1.2 informing and setting the strategic direction of the Company and ensuring that strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced;

3.2.2.1.3 determining and setting the tone of the Company values including principles of ethical business practice, human rights considerations and the requirements of being a responsible corporate citizen, which includes assessing and responsibly responding to the negative consequences of the Company's activities and outputs in the context in which it operates;

3.2.2.1.4 bringing independent, informed and effective judgment to bear on material decisions of the Company including material Company Rules and policies, the Company framework of delegated authorities, appointment and removal of Directors and Chief Executive Officer;

3.2.2.1.5 monitoring and implementation by Board committees and executive management of the Board's strategies, decisions, values and policies with a structured approach to governance, integrated reporting, risk management and combined assurance;

3.2.2.1.6 ensuring that the Company has appropriately constituted, and effective Board committees as required by the Companies Act, MOI and recommended by best corporate governance practice that the Company chooses to apply;

3.2.2.1.7 ensuring that there is an effective risk based internal audit;

3.2.2.1.8 ensuring to conduct self-evaluations of the Board and Board Members on an ongoing basis;

3.2.2.1.9 ensuring that disputes are resolved as effectively, efficiently and expeditiously as possible; and

3.2.2.1.10 monitoring of the relationship between the Company and its stakeholders.

3.2.3 Matters reserved for decision-making by the Board

3.2.3.1 Without detracting in any way from the general powers of the Board, the Board from time to time determines in terms of the governance framework and delegated authorities, which matters are -

3.2.3.1.1 reserved for final decision-making by the Board or Board committees; or

3.2.3.1.2 require the Board's or Board committees' consent before a final decision is made.

3.2.4 Composition of the Board, diversity policy, appointment, rotation and independence

3.2.4.1 The Board comprises a balance of executive and Non-Executive Directors, with a majority of Non-Executive Directors. The Board should at all times be suitably constituted and do everything necessary to appropriately fulfil its role and responsibilities.

3.2.4.2 The Board may determine the number of Directors on the Board at any time, subject to the proviso that the Board may comprise a maximum of eleven (11) Directors and a minimum of three (3) Directors. A maximum of three (3) salaried employees of the Company may simultaneously hold the office of Director.

3.2.4.3 The Directors may elect a Chairperson and Deputy Chairperson from amongst the elected Non-Executive Directors to serve in those capacities. In addition, the Board must appoint a Chief Executive Officer and may appoint an executive financial Director.

3.2.4.4 The Board is empowered to fill temporary vacancies on the Board.

3.2.4.5 Only individuals with sound ethical reputations and business or professional acumen and who have sufficient time to effectively fulfil his/her role as Board member, will be considered for appointment to the Board. In order to determine whether a Director is over committed the following criteria, amongst others, will be considered –

3.2.4.5.1 Non-Executive Directors of the Company should not hold more than five (5) Directorships of other companies;

3.2.4.5.2 should the Nominations Committee be of the view that a Director is over-committed, the Chairperson will meet with that Director to discuss the resolution of the matter to the satisfaction of that Committee;

3.2.4.5.3 individuals with material enduring conflicts of interest with the Company that cannot be reasonably managed by the normal methods of declaration of interests and temporary recusal from meetings will not be considered for appointment;

3.2.4.6 The Board recognises and embraces the benefits of having a diverse Board, appreciates that diversity at Board level is an essential component for sustaining a competitive advantage and is committed to ensuring a diverse and inclusive culture

on Board level, where Directors believe that his/her views are heard, his/her concerns are attended to and they serve in an environment where bias, discrimination and harassment are not tolerated;

3.2.4.7 Race, age and gender diversity, underpinned by the relevant skills as well as business, geographic and academic experience and background, enhance the composition of a truly diverse Board. All facets of diversity will be considered in determining the optimal composition of the Board and, where possible, should be balanced appropriately. All Board appointments are made on merit, having due regard for the benefits of diversity which the Board as a whole requires to be effective.

3.2.4.8 Directors are appointed through a formal process and the Nominations Committee assists with the process of identifying suitable candidates to be proposed to the Board and Members. The Nominations Committee also assists with the review of Board effectiveness, which includes, amongst others, its composition.

3.2.4.9 The Board composition should reflect:

3.2.4.9.1 a majority of Non-Executive Directors;

3.2.4.9.2 racial, gender and age diversity; and

3.2.4.9.3 diversity in respect of the relevant technical, geographic and academic backgrounds in the water industry, or business acumen or relevant professional competencies as may be required.

3.2.4.10 In addition to the indicators to be considered to determine effectiveness; friendships, and long-standing relationships, including whether Directors serve on more than one board be it together or otherwise and the employer employee relationship between Directors and Members, will also be considered to determine whether it may unduly influence the effectiveness of a Director.

3.2.4.11 In reviewing Board composition, the Nominations Committee will consider the benefits of all aspects of diversity in order to enable the Board to discharge its duties and responsibilities effectively.

3.2.4.12 In identifying suitable candidates for appointment to the Board, the Nominations Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

3.2.4.13 All Non-Executive directors (NED's) will serve a term of 3 (three) years with the option to be re-elected for a further 3 (three) year period.

- 3.2.4.14 The Chairperson and Vice Chairperson of the Board will serve a set term of 2 (two) years from date of appointment.
- 3.2.4.15 At least 1/3 (one third) of all Non-Executive Directors (both elected and co-opted) shall be required to offer themselves for re-election each year, provided that no Non-Executive Director shall serve for a period exceeding 6 (six) years. Co-opted NED's will be re-elected by the Board and Elected NED's will be re-elected by the members. Any Non-Executive Director who is not re-elected, resigns or retires from the Board shall not be eligible for re-appointment for a further period of 2 (two) years.
- 3.2.4.16 There is no age restriction, and Directors are allowed to serve irrespective of age.
- 3.2.4.17 Executive Directors retire as members of management at the age of sixty-five (65) unless the Board agrees to a later retirement age in the interests of the Company. Such extensions will only be agreed to in very exceptional circumstances and will not be for long periods of time.
- 3.2.4.18 This Board Charter is considered to be an integral part of the conditions of appointment of all Directors. Future letters of appointment should attach the Board Charter and specifically incorporate it by reference.

3.2.5 Board committees

- 3.2.5.1 In terms of the MOI the Board is empowered to appoint Board committees and to delegate powers to such committees. The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities.
- 3.2.5.2 Delegation is formal and involves the following: -
- 3.2.5.2.1 formal terms of reference are established and approved for each committee of the Board;
 - 3.2.5.2.2 the committees' terms of reference are reviewed once a year;
 - 3.2.5.2.3 the committees are appropriately constituted with due regard to the skills required by each committee;
 - 3.2.5.2.4 the Board establishes a framework for the delegation of authority to each committee;
 - 3.2.5.2.5 the Board receives reports from the Committee Chair at each Board meeting which may include a copy of the latest meeting minutes, if deemed necessary; and

3.2.5.2.6 the Board monitors the activities of committees and individuals with delegated authority.

3.2.5.3 The Board has the following committees but is free to increase, decrease or merge committees -

3.2.5.3.1 Finance, Audit and Risk Committee;

3.2.5.3.2 Stakeholder Engagement Committee;

3.2.5.3.3 Strategy Committee;

3.2.5.3.4 Nominations Committee.

3.2.6 Board meetings and documentation

3.2.6.1 *Frequency*

The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this Board Charter. The Board meets quarterly and at such additional ad hoc times as may be required.

3.2.6.2 *Agenda, meeting papers and minutes*

3.2.6.2.1 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.

3.2.6.2.2 A detailed agenda, together with supporting documentation must be circulated approximately five (5) business days prior to each meeting to the members of the Board and other invitees. The Chairperson, with the assistance of the CEO, must ensure that the agenda, as prepared, raises all relevant issues requiring attention in such a way and sequence that effective proceedings are facilitated.

3.2.6.2.3 The Nominations Committee shall annually consider whether the format and content of standard Board reports and submissions are appropriate and recommend to the Board such changes to Board reports or submissions as would improve the Board's efficiency.

3.2.6.2.4 All meeting papers and submissions made at the Board meeting are strictly confidential and Directors must under no circumstances circulate them to any other parties. Directors are expected to manage his/her security passwords providing electronic access to his/her meeting packs with due care and vigilance. A record of Board submissions shall be maintained and

held by the CEO in line with the retention policy. Directors may arrange with the CEO to obtain access to records of Board documentation and minutes if required by them in the course of discharging his/her duties as Directors of the Company.

3.2.6.2.5 The minutes must be circulated to the Board within 7 days for review thereof.

3.2.6.3 *Attendance*

3.2.6.3.1 Board members will use his/her best endeavours to attend all meetings of the Board, including meetings called on an ad hoc basis for special matters, unless prior apology with reasons have been submitted to the Chairperson or CEO. Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion. They are expected to participate fully, frankly, and constructively in Board discussions and to bring the benefit of his/her particular knowledge, experience, skills and abilities to bear in discharging his/her duties as Directors.

3.2.6.3.2 The Chairperson may at his/her discretion authorise the use of audio or video conferencing facilities to make participation in a Board meeting possible should attendance in person not be possible. Board members should as far as possible attend meetings in person.

3.2.6.3.3 If the nominated Chairperson of the Board is absent from a meeting, the Deputy Chairperson shall act as Chairperson, failing which the Board shall elect a chairperson for that meeting.

3.2.6.3.4 Executive management, Leads of Branches, Divisions and Empowerment Platforms and advisors may be in attendance at meetings, but by invitation only and they may not vote.

3.2.6.4 *Quorum*

A representative quorum for meetings is a majority of the Directors then in office.

3.2.6.5 *Written Resolutions*

3.2.6.5.1 It is the policy of the Board to limit the use of written resolutions to instances where the resolution is a mere formality or where the matter requiring decision by written resolution is of such an urgent nature that it cannot be deferred until the next Board meeting. The Chairperson, with the

assistance of the CEO, should consider in respect of each written resolution whether an urgent extraordinary Board meeting would be a more appropriate decision-making procedure than a written resolution. Each member of the Board who is able to receive notice must receive notice of the matter to be decided by written resolution.

3.2.6.5.2 Decisions taken by written resolution other than at a meeting are valid decisions of the Board if signed by a majority of Directors.

3.3 **The Chairperson**

3.3.1 The Chairperson is elected by members of the Board and is an Elected Non-Executive Director of the Board with no executive or management responsibilities. The Chairperson provides leadership at Board level, represents the Board to the Members and is responsible for ensuring the integrity and effectiveness of the Board and its committees. The Chairperson is also the Chairperson of the meetings of Members.

3.3.2 To this end the Chairperson is required to:

3.3.2.1 set the ethical tone for the Board and the Company;

3.3.2.2 provide overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of Board members;

3.3.2.3 oversee the formal succession plan for the Board, the CEO and certain executive management appointments (via the Nominations Committee)

3.3.2.4 maintain regular dialogue with the CEO in respect of all material matters affecting the Company and to consult with the other Board members promptly when considered appropriate;

3.3.2.5 identify and participate in selecting Board members (via the Nominations Committee);

3.3.2.6 formulate in consultation with the CEO the yearly work plan for the Board against agreed objectives, and play an active part in setting the agenda for Board meetings - ensure that material matters in respect of the business or governance of the Company that he/she is aware of, are tabled at Board meetings;

3.3.2.7 preside over Board meetings and ensure that material issues for consideration are tabled and interrogated effectively to ensure optimal Board decision-making and governance, manage conflicts of interest and act as a link between the Board and management, particularly the Board and the CEO;

- 3.3.2.8 ensure that Directors play a full and constructive role in the affairs of the Company and take a leading role in the process for removing non-performing or unsuitable Directors from the Board;
- 3.3.2.9 monitor how the Board works together and how individual Directors perform and interact at meetings - ensure that a formal performance evaluation of the Board, Board committees and individual Directors is conducted at least every two years and that every alternate year, opportunity is provided for reflection and discussion by the Board of its performance and that of its committees, its chair and its members as a whole;
- 3.3.2.10 ensure that all Directors are appropriately made aware of his/her responsibilities through a tailored induction programme, and ensuring that a formal programme of continual professional education is adopted at Board level;
- 3.3.2.11 be accessible to the CEO between Board meetings to provide counsel and advice;
- 3.3.2.12 in consultation with the Finance, Audit and Risk Committee and the Board determine the performance objectives of the CEO and his/her performance against the objectives; and
- 3.3.2.13 ensure that good relations are maintained with the Company's Members and strategic stakeholders and preside over Members' meetings.
- 3.3.3 The Chairperson:
 - 3.3.3.1 may not be a member of the Audit Committee;
 - 3.3.3.2 may be a member but not chair the Remuneration Committee;
 - 3.3.3.3 must be a member of the Nominations Committee.
- 3.3.4 The Chairperson's ability to add value to the Company, and the Chairperson's actual performance against criteria developed from his/her formalised role and functions should form part of an evaluation by the Board led by another independent Non-Executive Director appointed by the Board at least every two years. The evaluation should take into account other external chairmanships to determine whether the Chairperson has the capacity to discharge his/her duties to the Company.
- 3.4 **Deputy Chairperson**
 - 3.4.1 The Board shall appoint a Deputy Chairperson to assist the Chairperson in the execution of his/her duties and such other functions as the Board may wish to delegate to the Deputy Chairperson.

3.4.2 Where the Chairperson is absent or unable to perform his/her duties, the Deputy Chairperson must serve in this capacity for as long as the circumstances that caused the Chairperson's absence, inability or conflict exists.

3.5 **The Chief Executive Officer**

3.5.1 The CEO is the highest executive decision-making authority of the Company and is delegated with authority from, and accountable to the Board for the development and successful implementation of strategy and the overall management and performance of the Company within the framework of its policies, reserved powers and routine reporting requirements, consistent with the primary aim of enhancing the objects of the Company.

3.5.2 The CEO -

3.5.2.1 provides executive leadership;

3.5.2.2 must inform the Board of any material matter which may have a significant impact on the financial results or substantially impact the reputation of the Company;

3.5.2.3 may sub-delegate any of the powers delegated to him/her to other executives; and

3.5.2.4 may exercise power and authority on, or sub-delegate, any matter necessary for the effective management and performance of the Company which is not specifically reserved for the Board or the Company's Members.

3.5.3 The CEO is accountable to the Board to, amongst other things:

3.5.3.1 agree and recommend for approval to the Board matters which amongst others relate to -

3.5.3.1.1 the vision, mission, values, strategy, long term plans and policy of the Company;

3.5.3.1.2 annual budgets, Company funding and financial management;

3.5.3.1.3 material capital expenditure/projects;

3.5.3.1.4 risk policy and profile; and

3.5.3.2 recommend the appointment of members of the executive team and ensure proper succession planning and performance appraisals of members of the executive team;

3.5.3.3 develop and recommend to the Board the long-term strategy and its quantified expression by way of an operational plan;

3.5.3.4 develop and recommend to the Board the capital expenditure programme of the Company;

- 3.5.3.5 develop and recommend to the Board the annual business plans and budgets that support the Company's long-term strategy;
- 3.5.3.6 endeavour that the Company, Divisions, Branches and Empowerment Platforms have effective management committees and structures;
- 3.5.3.7 ensure that appropriate Company policies are formulated and implemented;
- 3.5.3.8 monitor and report to the Board on the effectiveness of legal compliance controls, processes, systems and resource capacity;
- 3.5.3.9 monitor the performance of the Company against agreed performance and sustainability targets and report appropriately to the Board about such performance;
- 3.5.3.10 establish an organisational structure and operating model for the Company to ensure effective execution of the strategy, sustainability, governance and control imperatives;
- 3.5.3.11 set the tone in providing ethical leadership and creating an ethical environment;
- 3.5.3.12 ensure that effective internal Company controls, legal compliance and governance measures are deployed;
- 3.5.3.13 ensure adherence to the relevant industry best practices standards unless there are cogent reasons for not implementing such standards and best practices;
- 3.5.3.14 ensure that Board procedures are followed and reviewed regularly;
- 3.5.3.15 ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- 3.5.3.16 maintain statutory records in accordance with legal requirements;
- 3.5.3.17 provide the Board as a whole and individual Board members with detailed guidance as to how his/her responsibilities should be properly discharged in the best interest of the Company and on good governance;
- 3.5.3.18 keep abreast of, and inform the Board of current corporate governance thinking and practice;
- 3.5.3.19 assist the Nominations Committee with the appointment of Directors;
- 3.5.3.20 advise the Nominations Committee on all legal and regulatory matters, including legal frameworks and processes;
- 3.5.3.21 advise the Nominations Committee with respect to all regulatory filing and public

- disclosure relating to the Company's governance processes;
- 3.5.3.22 assist with Director induction and training programmes;
- 3.5.3.23 ensure that the Board Charter and the terms of reference of Board committees are kept up to date;
- 3.5.3.24 prepare and circulate Board and Board committee papers;
- 3.5.3.25 elicit responses, input, feedback for Board and Board committee meetings;
- 3.5.3.26 assist in drafting annual work plans;
- 3.5.3.27 ensure preparation and circulation of minutes of Board and committee meetings;
- 3.5.3.28 assist with the evaluation of the Board, committees and individual Directors; and
- 3.5.3.29 serve as chief spokesperson and stakeholder engagement champion of the Company.
- 3.5.4 The CEO is appointed by the Board on recommendation of the Nominations Committee. The duration of his/her appointment, terms of appointment and compensation are determined by the Board upon recommendation of the Remuneration Committee. The Board is accountable for ensuring, with the assistance of the Nominations Committee, that succession plans are in place for the CEO and other members of the executive.
- 3.5.5 The CEO may not be a member of the Remuneration Committee but may attend on invitation and recuse himself/herself when conflicts arise, particularly when his/her performance and remuneration is discussed;
- 3.5.6 The Board should ensure that a succession plan is in place for the CEO.

3.6 **The rights and duties of individual Directors**

- 3.6.1 The Board exercises its functions jointly and no Director has any authority to severally perform any act on behalf of the Company or the business unless specifically authorised or requested by the Board or authorised nominees of the Board. Directors are jointly accountable for the decisions of the Board.
- 3.6.2 Directors' duties, standards of conduct and liabilities are captured in the Companies Act. Directors have a legal obligation to act in the best interest of the Company, to act with due care, diligence and skill in discharging his/her duty as Directors, to declare and avoid conflicts of interest with the Company and to account to the Company for any advantages gained in discharging his/her duty on behalf of the Company.
- 3.6.3 Directors may at any time request a meeting with the Chairperson. The Chairperson will invite Non-Executive Directors from time to time to indicate whether they have a need to

meet as a group without him/her and/or the executive management.

3.6.4 The Board is of the view that the interests of the Company are better served if the Board functions as a team rather than a fractious, uneasy coalition of executive, Non-Executive and independent factions.

3.6.5 Directors have access to top management and the CEO for advice about the governance of the Company and Board procedures and may after consultation with the Chairperson and in agreement with the Board, obtain such external advice as they may consider necessary to properly discharge his/her duties to the Company.

3.7 **The behaviour of individual directors**

3.7.1 Requests for input from individual directors must be acknowledged or responded to within 7 days of requests sent, unless otherwise communicated. Autoresponders stating an absence will be recorded as an acknowledgement of receipt until further response is received. Only responses that have been received within the allocated time will be considered. Exception to this rule on an ad hoc basis can only be applied if granted by the majority of directors.

3.7.2 During board meetings, Member meetings, and any other stakeholder engagements directors must conduct themselves with professionalism, maturity, and in the best interests of the long-term strategy of the Company. Any conflict or difference of opinion must be communicated in a manner that is constructive and focused on the matter at hand rather than on a specific individual.

3.7.3 Any director that is accused of illegal or unethical conduct of any kind will be required to submit to any investigations deemed necessary by the Board. Should the allegations hold material reputational risk for the Company, the Board may decide to suspend and or remove the Director until formal investigations are complete. The findings of formal investigations will inform further action to be taken by the Board.

3.7.4 Directors will undertake continuous informal self-evaluations, with a formal self-evaluation being conducted once a year.

4. **TRAINING AND INDUCTION OF DIRECTORS**

4.1 The Board must establish a formal induction programme to familiarise incoming Directors with the Company's operations, its business environment and the sustainability issues relevant to its business. Furthermore, the Board must also introduce incoming Directors to Members of senior management and their respective duties and responsibilities.

- 4.2 An appropriate induction programme must meet the specific needs of both the Company and the individual and should enable any new Director to make the maximum contribution as quickly as possible.
- 4.3 The induction and training programmes must be on-going.
- 4.4 The induction and training programmes should incorporate an overview of any changes to applicable laws, rules, codes and standards and corporate governance.
- 4.5 New Directors with no or limited Board experience should be developed and receive education about their duties, responsibilities, powers and potential liabilities. Mentorship by experienced Directors is encouraged.
- 4.6 Director development should be on-going and encouraged in the same manner as continuing professional development is for certain other professions so as to enhance governance practices within the Board itself.
- 4.7 Directors should receive regular briefing on matters relevant to the business of the Company, changes in risks and laws applicable to the business of the Company, including accounting standards and policies and the environment in which it operates.
- 4.8 The directors should ensure that any opportunities, risks or strategic gaps are brought to the attention of the Board.
- 4.9 The Nominations Committee is required to consider and approve the induction and training programme of Directors.

5. DISCLOSURE AND CONFLICTS OF INTEREST

- 5.1 In terms of the Companies Act a Director who has a personal financial interest in respect of a matter to be considered at a Board meeting, or knows that a related person has a personal financial interest in the matter:
 - 5.1.1 must disclose the general nature of the interest before the matter is considered;
 - 5.1.2 must disclose all material information known to the Director to the meeting;
 - 5.1.3 may disclose observations and insights relating to the matter if requested by the other Directors to do so; and
 - 5.1.4 may not be present at the meeting where the matter is discussed and may not participate in the consideration of the matter.
- 5.2 A Director must disclose any personal financial interest in advance by delivering to the CEO a notice setting out the nature and extent of the financial interest to be used until changed or

withdrawn. A Director who acquires a direct personal financial interest after an agreement or other matter has been approved by the Company, must promptly disclose the nature and extent of that interest to the Board.

5.3 Failure to make disclosure of interest in compliance with the Companies Act will render decisions, transactions or agreements invalid, unless subsequently ratified by Members or a court.

5.4 The CEO will submit all disclosures of interest to the Nominations Committee and the Board at the first subsequent meeting. The Nominations Committee is required to:

5.4.1 consider all declarations of interest;

5.4.2 report to the Board any conflicts of interest which require specific action by the Board.

5.5 Enduring material conflicts of interest, whether financial/ non-financial, actual or perceived, are regarded by the Board as incompatible with the fiduciary duties of Directors. Directors are appointed on the express understanding and agreement that they may be removed by the Board if and when they develop an actual or prospective material, enduring conflict of interest with the Company.

6. POLICY IN RESPECT OF CORPORATE GOVERNANCE AND RISK MANAGEMENT

The Company complies with all applicable corporate governance legislation, including the Codes of Good Practice for South African Non-Profit Organisations published in terms of section 6(i)(b)(l) of the Non-Profit Act, 71 of 1997. It is also the policy of the Company to apply the principles of the latest King Code on Corporate Governance for South Africa to the extent that they apply to not-for-profit companies.

7. POLICY IN RESPECT OF BUSINESS RESCUE PROCEEDINGS OR OTHER TURNAROUND MECHANISMS

The Board shall continuously monitor the solvency and liquidity of the Company. As soon as the Company is financially distressed as defined in the Companies Act the Board shall consider business rescue proceedings or other turnaround mechanism and implement such steps as required by the Companies Act.

8. POLICY IN RESPECT OF DISPUTE RESOLUTION

8.1 It is the policy of the Company to ensure that internal and external disputes are resolved as effectively and expeditiously as possible. To this end consideration shall be given in respect of

each financial and reputational material dispute whether settlement, litigation, arbitration, mediation or other forms of alternative dispute resolution would be the most effective methodology to resolve a dispute in the best interests of the Company.

- 8.2 The merits of claims against the Company or allegations of misconduct or non-compliance against the Company should be investigated thoroughly before a final decision is made to defend the claim or not to act in respect of an allegation of misconduct or non-compliance.
- 8.3 If non-compliances are uncovered, consideration should be given to engage with the relevant authorities or, if relevant, to apply for leniency if it would be in the interests of the Company.
- 8.4 The validity and veracity of reasons for defending a claim against the Company should be confirmed by written external legal advice before the commencement of legal action by way of formal legal proceedings.
- 8.5 The authority to make decisions in respect of dispute resolution and to represent the Company is governed by the delegations of authority as approved by the Board from time to time.