

**BOARD CHARTER  
TERMS OF REFERENCE**



## 1 DEFINITIONS

Unless the context indicates otherwise, the following words or terms of expressions shall have the meanings subscribed to them hereunder:

- 1.1. **“Audit, Committee”** means the Audit, Governance and Risk Committee of the Company;
- 1.2. **“Board”** means the Board of Directors of the Company;
- 1.3. **“Board Charter”** means the Metrofile Holdings Limited Board Charter approved by the Metrofile Holdings Limited Board of Directors, and as amended from time to time;
- 1.4. **“B-BEE Act”** means the Broad-Based Economic Empowerment Act No 46 of 2013;
- 1.5. **“Chairman”** means the Chairman of the Board;
- 1.6. **“Companies Act”** means the Companies Act No 71 of 2008, as amended from time to time;
- 1.7. **“Company”** means Metrofile Holdings Limited, Registration Number 1983/012697/06, including its subsidiaries;
- 1.8. **“Directors”** means Directors of the Company;
- 1.9. **“Financial Markets Act”** means the Financial Markets Act No 19 of 2012;
- 1.10. **“King IV™”** means the King Report on Governance for South Africa 2016;
- 1.11. **“Metrofile Group”** means the Company, its direct or indirect subsidiaries, associates, and joint ventures;
- 1.12. **“MOI”** means Memorandum of Incorporation of the Company;
- 1.13. **“Regulations”** means the Regulations published under Government Gazette 34239 of 26 April 2011 in terms of the Companies Act, as amended from time to time;
- 1.14. **“Stakeholders”** means those groups of individuals who have a vested interest in the Company and who can reasonably be expected to be significantly affected by the Company’s business activities, operations, performance or outcomes, or whose actions can reasonably be expected to significantly affect the Company’s business activities, operations, performance and its ability to create value over time;

- 1.15. **“Triple context”** means, in respect of the Company’s sustainable development, the framework for reporting in areas of the Company’s operations in the economy, society, and natural environment.

## 2 CONSTITUTION

These terms of reference are subject to the provisions of the Companies Act, the Company’s MOI, the JSE Listings Requirements, King IV™ and any other applicable law or regulatory provision and forms an integral part of each director’s appointment to the Board of the Company. These terms of reference are not intended to replace or amend the Company’s MOI in any manner whatsoever.

The Company is committed to the upholding of good corporate governance in all its business dealings with its shareholders and stakeholders and the Board acknowledges the need for a Board Charter as recommended in the Principles of Good Governance.

Each director is expected to act in a professional manner, in good faith, independently and with a degree of care, diligence and skill within the scope of authority as prescribed by the Company’s MOI whilst upholding integrity and with due regard to his or her fiduciary responsibilities.

The Board is the focal point and custodian of the Company’s corporate governance system and it is ultimately accountable and responsible for the performance and affairs of the Company.

## 3 PURPOSE OF THE BOARD CHARTER

3.1 The purpose of these terms of reference is to regulate how business is to be conducted by the Board in accordance with the principles of good corporate governance. The Charter sets out the specific roles, responsibilities, functions, and powers of the Board collectively, and the individual roles expected of directors and the officials and executives of the Company.

3.2 These terms of reference further provide an overview of:

- the policies and practices of the Board in respect of matters such as corporate governance, trading by directors in the securities of the Company, 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 the Board committees.
- the powers delegated to various Board committees of the Company for which the Board is ultimately responsible.
- relevant principles of the Company’s limits and delegations of authority framework and matters reserved for final decision-making or pre-approval by the Board.

## 4 COMPOSITION OF THE BOARD, BOARD DIVERSITY, APPOINTMENT, ROTATION, AND INDEPENDENCE

4.1 The Company has a unitary Board, comprising a balance of executive and non-executive directors, with a majority of non-executive directors, of whom the majority shall be independent. The Board shall at all times be suitably constituted.

4.2 Procedures for appointments to the Board should be formal and transparent and a matter for the Board as a whole assisted, where appropriate, by the Nominations Committee. It is the duty of the

Board and the Nominations Committee to have due consideration of diversity targets and progress made against these targets, and appropriate balance of executive, non-executive and independent directors when making or recommending appointments to the Board. The Board is empowered to fill vacancies on the Board.

#### 4.3 Membership and size of Board

4.3.1 The size of the Board is regulated by the Company's MOI which provides a minimum of 4 (four) and a maximum of 12 (twelve) directors. The Board shall, however, be mindful of whether its size, diversity targets and demographics makes it effective, and should be structured to:

4.3.1.1 ensure a wide range of skills and knowledge, views, and experience, such that the common purpose, involvement, participation, harmony, and sense of responsibility of directors is not jeopardized; and

4.3.1.2 achieve the balance of skills, experience, diversity, professional and industry knowledge, and independence necessary to meet the Company's strategic objectives.

4.4 The directors shall elect and appoint a Chairman, Deputy Chairman, and/or Lead Independent Non-Executive Director.

4.5 The Chief Executive Officer and Chief Financial Officer are ex-officio members of the Board.

4.6 Pre-requisites for Board membership include, *inter alia*:

- a knowledge and understanding of the conduct of the business and of the laws and customs that govern the activities of the Company;
- the ability to make sensible and informed business decisions and recommendations;
- an entrepreneurial talent for contributing to the creation of shareowner value;
- high ethical standards and integrity in personal and business dealings;
- sound practical sense and ability to see the wider picture and perspective;
- the ability and willingness to devote sufficient time to prepare for and participate in Board deliberations; and
- total commitment to furthering the interests of the shareholders and other stakeholders in order to achieve the Company's goals.

4.7 Key competencies for non-executive directors include, *inter alia*:

- an ability to add value;
- an ability to clearly communicate;
- an ability to demonstrate a wide and unfettered perspective on issues;
- integrity and a strong sense of ethics;
- organizational and strategic awareness;
- financial literacy;



- a knowledge of the duties and responsibilities of a director; and
  - an ability to constructively collaborate as part of a team contributing towards the successful performance of the Company.
- 4.8 Only individuals with sound ethical reputations and business or professional acumen, and who have sufficient time to effectively fulfil their role as Board members, will be considered for appointment to the Board.
- 4.9 A candidate for election as a non-executive member of the Board should provide the Nominations Committee with details of professional commitments in order for the Nominations Committee to review if the candidate will have sufficient time to fulfil his or her duties as a member of the Board; the same requirement is applicable to the Chairman. The Nominations Committee should independently investigate the candidate's background and verify their qualifications prior to nominating the candidate.
- 4.10 Individuals with material enduring conflicts of interest with the Company or any Group 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.
- 4.11 The Company recognises and embraces the benefits of having a diverse Board, as defined in the Board Diversity Policy, 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 at Board level, where directors believe that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment are not tolerated.
- 4.12 Race, age, gender, and culture diversity, underpinned by the relevant balance of skills, experience and field of knowledge, independence as well as business, geographic and academic experience, and background, enhance the composition of a truly diverse Board enabling it to discharge its governance roles and responsibilities. All facets of diversity will be considered in determining the optimal composition of the Board and, where possible, should be balanced appropriately.
- 4.13 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 shareholders.
- 4.14 In reviewing independence, the Nominations Committee considers the JSE Listings Requirements as well as the Companies Act and King IV™. A director can be determined to be independent if, when judged from the perspective of a reasonable and informed third party, that the director has no interest, position, association or relationship which is likely to unduly influence or cause bias in decision-making in the best interests of the Company.
- 4.15 In identifying suitable candidates for appointment to the Board, the Nominations Committee will consider candidates against objective criteria and with due regard for the benefits of diversity on the Board. The Nominations Committee will annually agree all measurable objectives for achieving diversity on the Board in line with the Board Diversity Policy and recommend them to the Board for adoption. Achievement against these objectives will be disclosed in the annual corporate governance report.
- 4.16 Upon election, the terms, and conditions for serving as a director, should be formalised in a letter of appointment.

- 4.17 In terms of the Company's MOI, new directors appointed by the Board, retire as directors at the first subsequent annual general meeting unless elected at such shareholder meeting. Incumbent directors (excluding the Chief Executive Officer and Chief Financial Officer if they are appointed by contract for a specific period) retire by rotation at least once every 3 (three) years.
- 4.18 In terms of the Company's MOI,  $\frac{1}{3}$  (one-third) of the directors (excluding the Chief Executive Officer and Chief Financial Officer if they are appointed by contract for a specific period) (or if the number is not a multiple of 3 (three), then the nearest number to, but not less than  $\frac{1}{3}$  (one-third)), must retire at each annual general meeting.
- 4.19 The Board shall ensure a brief professional profile of each director standing for election or re-election at the annual general meeting shall accompany the notice of the annual general meeting, together with the supporting statement by the Board.
- 4.20 Nomination for re-election of a Board member should be considered by the Board on the basis of that member's performance, including attendance at meetings of the Board and its Committees.
- 4.21 Executive directors shall be engaged on service/employment contracts, subject to short-term notice periods. Any fixed term contracts shall, in any event, not exceed 1 (one) year in duration for any 1 (one) term, other than with the Board's specific approval.
- 4.22 Termination of a service/employment contract will result in resignation from the Board, unless otherwise determined by the Board.
- 4.23 Non-executive directors shall consult the Chairman regarding external appointments. While the Board may support its executive directors in accepting appointments to outside Boards, this must first be discussed with the Chairman and will be considered to the extent that it is not in conflict with the business and will not detrimentally affect their executive responsibilities.
- 4.24 The retirement age for an executive director is 65 (sixty-five) years of age and for a non-executive director, 70 (seventy) years of age, subject to review at the discretion of the Board.
- 4.25 This Board Charter is 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.
- 4.26 Induction of new directors
- 4.26.1 On appointment, non-executive directors shall be offered the benefit of an induction program aimed at broadening their understanding of the Company, the business environment, and markets in which the Company operates in order to allow them to function effectively from the beginning. This process will be carried out over a period of time and should include the provision of background material, meetings with senior management and visits to the Company's facilities.
- 4.26.2 The induction program will entail:
- 4.26.2.1 knowledge of the Company (ownership, rules, regulations and company law, Board structure, membership, and processes);
- 4.26.2.2 knowledge of the business (business processes, corporate strategies, key issues, organisation, management, and people);

4.26.2.3 knowledge of the financials (annual accounts, directors' reports, trends, key financial ratios, and financial performance of the business);

4.26.2.4 expectations on appointment (discussions with Chairman with regard to role, why nominated, potential contributions, particular knowledge etc.); and

#### 4.27 Training of directors

4.27.1 Inexperienced directors will be developed through a mentorship program.

4.27.2 All directors are expected to keep abreast of changes and trends in the business and in the Company's environment and markets, including changes and trends in the economic, political, social, and legal climate generally. Continuing professional development programs are encouraged to enable directors to keep abreast with changes in risks, laws, and environment.

#### 4.28 Succession planning

4.28.1 The Board shall be responsible for selecting its own members and for recommending them for election or re-election by the shareholders and to select, monitor, evaluate and replace the Chief Executive Officer and the Chief Financial Officer and/or other senior executives, when necessary. The screening process involved shall be delegated to the Nominations Committee.

4.28.2 The Chairman's recommendations for a successor should he or she be unexpectedly disabled should be available on a continuing basis. This succession plan should be reviewed periodically and should provide for both succession in emergency situations and succession over the long term.

4.28.3 The Board should ensure that the succession plan in place for the Chief Executive Officer and Chief Financial Officer is reviewed annually and should provide for both succession in emergency situations and succession over the long term.

4.28.4 The Chairman shall report annually to the Board on executive director and senior management succession planning, also providing details of the Company's program for management development.

### 5 THE BOARD OF THE COMPANY AND COMPANY OFFICIALS

#### 5.1 The Shareholders

5.1.1 Matters reserved for decision-making by the shareholders of the Company are set out in the Company's MOI, Companies Act and JSE Listings Requirements.

5.1.2 A matter reserved for decision-making by the shareholders is considered by the Board before it is recommended to the shareholders for decision-making. The Board will, where appropriate, provide the shareholders with its recommendation and the relevant material information in respect of resolutions proposed for shareholder approval.

5.1.3 It is the policy of the Company to accurately disclose Company information to shareholders and potential investors in such a way that the shareholders are apprised of all material aspects of the business of the Company and its direct and indirect subsidiaries.

- 5.1.4 Directors and executive management are expected to attend shareholder meetings. The Chairmen of all Board committees are expected to be available at the Company's annual general meeting to respond to relevant questions or queries.
- 5.1.5 Proceedings at meetings of shareholders are governed by the provisions of the Company's MOI, Companies Act and the JSE Listings Requirements.

## 5.2 The Chairman

- 5.2.1 The role of the Chairman is separate from that of the Chief Executive Officer, given the strategic operational role of the Chief Executive Officer. The separation of these roles is to ensure that clear divisions of responsibilities exist at the head of the Company, which is necessary to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.
- 5.2.2 The Chairman is elected and appointed by members of the Board and is a non-executive director of the Board with no executive or management responsibilities.
- 5.2.3 The Chairman provides ethical and effective leadership at Board level, represents the Board to the shareholders and is responsible for ensuring the integrity and effectiveness of the Board and its Committees.
- 5.2.4 The Chairman is also the Chairman of the meetings of shareholders.
- 5.2.5 To this end the Chairman is responsible, *inter alia*, for:
  - 5.2.5.1 representing the Board to shareholders, ensuring that good relations are maintained with the Company's major shareholders and strategic stakeholders, and presides over shareholders meetings.
  - 5.2.5.2 setting the ethical tone for the Board and the Company and ensuring the integrity and effectiveness of the governance process of the Board.
  - 5.2.5.3 providing overall ethical and effective 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.
  - 5.2.5.4 actively participating in the selection of the Board members (via the Nominations Committee).
  - 5.2.5.5 overseeing the formal succession plan for the Board, the Chief Executive Officer, the Chief Financial Officer, and certain senior management appointments.
  - 5.2.5.6 be accessible to and maintaining regular dialogue with the Chief Executive Officer in respect of all material matters affecting the Company and the group and to consult with the other Board members promptly when considered appropriate.
  - 5.2.5.7 formulating and establishing, in consultation with the Chief Executive Officer and Company Secretary, an annual work plan for the Board against agreed objectives.
  - 5.2.5.8 actively assist in setting the agenda for Board meetings, ensuring that the content and order thereof are appropriate, and material matters in respect of the business or governance of the Company or group, are tabled at Board meetings.

- 5.2.5.9 presiding 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 Chief Executive Officer.
  - 5.2.5.10 ensuring decisions taken at Board meetings are acted on.
  - 5.2.5.11 managing conflicts of interest by asking conflicted directors to recuse themselves from the meeting, discussion, and/or the decision-making process.
  - 5.2.5.12 ensuring that directors play a full and constructive role in the affairs of the Company and take an ethical and effective leading role in the process for removing non-performing or unsuitable directors from the Board.
  - 5.2.5.13 monitoring the effectiveness of the Board and individual directors and meet individually with directors, where required, to discuss their performance.
  - 5.2.5.14 ensuring that a formal performance evaluation of the Board, Board committees and individual directors is conducted at least every 2 (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 Chairman and its members as a whole.
  - 5.2.5.15 ensuring that all directors are appropriately made aware of their responsibilities through a tailored induction programme, mentored if necessary, and ensuring that a formal programme of continual professional education and training is adopted at Board level.
  - 5.2.5.16 in consultation with the Remuneration Committee and the Board, determine the performance objectives of the Chief Executive Officer and his performance against those objectives.
- 5.2.6 The Chairman:
- 5.2.6.1 should not be a member of the Audit Committee as recommended by King IV™.
  - 5.2.6.2 may be a member but not Chairman of the Remuneration Committee;
  - 5.2.6.3 must be a member and Chairman of the Nominations Committee; and
  - 5.2.6.4 may be a member but not Chairman of the Social, Ethics and Governance Committee.
- 5.2.7 At least every 2 (two) years, the Chairman's ability to add value to the Company, and the Chairman's actual performance against criteria developed from his formalised role and functions should form part of an evaluation by the Board led by the Lead Independent Non-Executive Director or another independent non-executive director appointed by the Board. The evaluation should consider other external appointments to determine whether the Chairman has the capacity to discharge his duties to the Company.
- 5.3 Deputy Chairman and Lead Independent Non-Executive Director
- 5.3.1 The Board may appoint a Deputy Chairman and/or Lead Independent Non-Executive Director to assist the Chairman in the execution of his duties and such other functions as

the Board may wish to delegate to the Deputy Chairman and/or Lead Independent Non-Executive Director.

5.3.2 Where the Chairman is absent or unable to perform his or her duties or where the independence of the Chairman is questionable or impaired, the Lead Independent Non-Executive Director must serve in this capacity for as long as the circumstances that caused the Chairman's absence, inability or conflict exists.

5.3.3 The Lead Independent Non-Executive Director is appointed to:

5.3.3.1 assist the Board to deal with management of any actual or perceived conflicts of interest that arise on the part of the Chairman;

5.3.3.2 preside at all meetings of the Board at which the Chairman is not present or where the Chairman is conflicted, including any sessions of the independent directors;

5.3.3.3 call meetings of the independent directors, where necessary;

5.3.3.4 serve as principal liaison between the independent directors and the Chairman;

5.3.3.5 perform all such functions that cannot be performed by the Chairman due to his or her absence or the existence of a conflict of interest;

5.3.3.6 liaise with major shareholders if requested by the Board in circumstances or transactions in which the Chairman is conflicted; and

5.3.3.7 perform other duties that the Board may from time-to-time delegate.

#### 5.4 The Chief Executive Officer

5.4.1 The Chief Executive Officer is the highest executive decision-making authority of the Company and the Metrofile Group, and is delegated with authority from and accountable to the Board for the successful implementation of the group strategy and the overall management and performance of the Metrofile Group within the framework of its policies, reserved powers and routine reporting requirements, consistent with the primary aim of enhancing long-term shareholder and stakeholder value.

5.4.2 The Chief Executive Officer's role is formalised, and his performance is evaluated against criteria developed for his role. Memberships to other external Boards and Committees should be considered by the Board in order to determine whether the Chief Executive Officer has the capacity to discharge his duties to the Company.

5.4.3 The Chief Executive Officer may not be a member of the Remuneration-, Audit- or Nominations Committees but may attend on invitation and recuse himself when conflicts arise, particularly when his performance and remuneration are discussed.

5.4.4 The Chief Executive Officer or a retired Chief Executive Officer, should not be the Chairman of the Board unless 3 (three) completed years have passed after the end of the Chief Executive Officer's tenure.

5.4.5 The Chief Executive Officer, in implementing the policies throughout the Company and the Metrofile Group, and providing executive leadership, shall oversee the performance of management and ensure that management shall assume responsibility for the governance of ethics of the Company by setting the direction of how ethics shall be approached and

addressed and by ensuring that the Code of Ethics approved by the Board establishes the ethical tone and culture of the Company in terms of best practice.

- 5.4.6 The Chief Executive Officer:
- 5.4.6.1 provides executive leadership;
  - 5.4.6.2 will be the link between the Company's governance and management functions;
  - 5.4.6.3 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 group;
  - 5.4.6.4 may sub-delegate any of the powers delegated to him to the Chief Financial Officer or other committee, forum or individual within the group; and
  - 5.4.6.5 may exercise power and authority on, or sub-delegate, any matter necessary for the effective management and performance of the group, which is not specifically reserved for the Board or the Company's shareholders.
- 5.4.7 The Chief Executive Officer shall agree and recommend for approval to the Board matters specified in the group limits and delegation of authority framework which, amongst others, relate to:
- 5.4.7.1 the vision, strategy, objectives, mission, values, long term plans and policy of the Company.
  - 5.4.7.2 annual budgets, group funding, financial management and capital expenditure programme.
  - 5.4.7.3 significant mergers, acquisitions, divestitures, plant closures and asset disposal, as well as material capital expenditure/projects.
  - 5.4.7.4 statutory and JSE required reports.
- 5.4.8 The Board authority delegated to management is delegated through the Chief Executive Officer. Accordingly, the authority and accountability of management is considered to be the authority and accountability of the Chief Executive Officer insofar as the Board is concerned. The Chief Executive Officer shall report to the Board and Board committees regarding matters delegated to management by the Board and/ or Board committees.
- 5.4.9 The Chief Executive Officer shall recommend the appointment of members of the executive/ senior management team and ensure proper succession planning and performance appraisals of members of the executive/ senior management team.
- 5.4.10 The Chief Executive Officer shall ensure that the Company and Group companies have effective management teams and management structures.
- 5.4.11 The Chief Executive Officer shall develop and recommend to the Board the long-term strategy and vision of the Company and its quantified expression by way of critical short-, medium- and long-term performance and sustainability targets.
- 5.4.12 The Chief Executive Officer shall develop and recommend to the Board the annual business plans and budgets that support the Company's long-term strategy and approach to sustainability.

- 5.4.13 The Chief Executive Officer shall monitor the performance of the Company and the Group companies against agreed performance and sustainability targets and report appropriately to the Board on such performance.
- 5.4.14 The Chief Executive Officer shall establish an organisational structure and operating model for the Company and the group to ensure effective and adequate execution of the strategy, sustainability, governance, and control imperatives.
- 5.4.15 The Chief Executive Officer shall ensure that appropriate Company and group policies are formulated and implemented.
- 5.4.16 The Chief Executive Officer shall ensure that effective and adequate internal Company and group controls, legal compliance and governance measures are deployed.
- 5.4.17 The Chief Executive Officer shall monitor and report to the Board and Board committees on the effectiveness and adequacy of legal compliance controls, financial reporting procedures and processes, systems, and resource capacity.
- 5.5 Matters reserved for the Board
- 5.5.1 Without detracting in any way from the general powers of the Board, the Board shall from time to time determine, in terms of the governance framework and delegated authorities, which matters are:
- 5.5.1.1 reserved for final decision-making by the Board or Board committees; or
- 5.5.1.2 require the Board's or Board committees' consent before a final decision is made.
- 5.5.2 The Board may delegate authority, not expressly reserved for the Board, to the Chief Executive Officer, who shall be liable and accountable to the Board, subject to the obligation to report all material matters to the Board. The granting of general signing authorities pursuant to the MOI of the company is a matter for the Board.
- 5.5.3 In addition to statutory and regulatory requirements, the matters as depicted in the Board's powers, roles and responsibilities section of this Charter shall be reserved for decision by the Board, supported by any recommendation as may be made from time to time by the Board committees and/ or executive management (as appropriate and applicable).
- 5.6 General powers of the Board
- 5.6.1 The role, function and powers of the Board, its members and Committees and its relationship, *vis-à-vis* other organs of the Company, and the Metrofile Group are determined by law, the Company's MOI, agreements such as shareholders' agreements (where relevant), corporate governance best practices and decisions and policies of the Board.
- 5.6.2 The Board shall exercise its leadership role by being 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 the powers and perform any of the functions of the Company except to the extent that Section 66 of the Companies Act or the Company's MOI provide otherwise.
- 5.6.3 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 shareholders. This

power includes the power to exercise the rights as direct or indirect shareholder of Metrofile Group companies.

- 5.6.4 The Board exercises its powers responsibly in the best interests of the Company with due regard to the interest of shareholders and stakeholders of the Company and in compliance with the requirements of the law, the JSE Listings Requirements, principles of sound corporate governance and Board policies and procedures.
- 5.7 The powers conferred upon the Board by the Company's MOI, the Companies Act, the JSE Listings Requirements and King IV™ include, *inter alia*, the following roles, functions, and responsibilities:
- Ethical and effective leadership, strategy, organisational ethics, and governance
- 5.7.1 Acting as the focal point for and custodian of corporate governance by managing its relationship with management, shareholders, and stakeholders along sound governance principles.
- 5.7.2 Retaining full, effective, and adequate control over the Company and providing ethical and effective leadership and vision to the Company in a manner that will enhance shareholder and stakeholder value and ensure the long-term sustainable development and growth of the Company.
- 5.7.3 The Board, supported by the Social, Ethics and Transformation Committee, shall assume responsibility for the governance of ethics of the Company by setting the direction of how ethics shall be approached and addressed and in a way that supports the establishment of an ethical culture.
- 5.7.4 The Board shall approve codes of conduct and the ethics policy to articulate and give effect to its direction on organisational ethics. The Company's Code of Ethics applies to all Metrofile Group companies.
- 5.7.5 The Board delegates the responsibility for implementation and execution of the codes of conduct and ethics policies to management and is responsible to oversee the performance of management in this regard.
- 5.7.6 Informing and setting the strategic direction of the Company and ensuring that strategy, risk and opportunity, business model, performance and sustainable developments and considerations are inseparable to the value creation process, effectively integrated and appropriately balanced, and to give effect thereto by:
- 5.7.6.1 the formulation, development and adoption of the Company's strategic plans and provision of ethical and effective leadership and control in terms of the Company's strategy and ensuring best practice of corporate governance;
- 5.7.6.2 satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
- 5.7.6.3 identifying key performance and risk areas providing oversight of performance against targets and objectives. Members of the governing body should exercise courage in taking risks and capturing opportunities but do so in a responsible manner and in the best interests of the organisation;

- 5.7.6.4 ensuring that the strategy will result in sustainable outcomes;
  - 5.7.6.5 considering sustainability as a business opportunity that guides strategic formulation;
  - 5.7.6.6 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, but also the impact that business operations have on the environment and society within which it operates;
  - 5.7.6.7 ensuring that the Company's performance and interaction with its shareholders and stakeholders is guided by the Constitution of South Africa and the Bill of Rights, and that the Company operates and conducts itself in a manner that is consistent with the Companies Act and the JSE Listings Requirements.
- 5.7.7 The Board shall delegate to management the formulation and development of the Company's short-, medium- and long-term strategy; to be approved by the Board. The Board should approve policies and operational plans developed by management to give effect to the approved strategy and exercise continuous monitoring to ensure implementation and execution of the approved policies and plans.
- 5.7.8 Monitoring and implementation by Group companies, 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.
- 5.7.9 Bringing independent, informed and effective judgment to bear on material decisions of the Company and Group companies including material Company and Group policies, the Group framework of delegated authorities, appointment and removal of the Chief Executive Officer, approval of the appointment or removal of Group Executive Committee members, capital expenditure, material transactions and Company and consolidated Group budgets;
- 5.7.10 Ensuring that disputes are resolved as effectively, efficiently, and expeditiously as possible.
- Responsible corporate citizen
- 5.7.11 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 (including compliance with the law, the Constitution of South African and the Bill of Rights). The Board should direct the Company in such a way that it does not adversely affect the natural environment, society or future generations and the Board should therefore ensure that management develops responsible corporate citizenship policies.
- 5.7.12 The Board, through its Social, Ethics and Transformation Committee, shall identify, monitor, and report, periodically, on the extent of its social, transformation, ethical, safety, health, environmental management and other responsible corporate citizen policies and practices. The disclosure of this information should be governed by the principles of reliability, relevance, clarity, comparability, timeliness, and verifiability.

#### Board governance and Board committees

- 5.7.13 To elect a Chairman that is an independent non-executive director. Where this is not possible, a lead independent non-executive director shall be appointed.
- 5.7.14 Director selection, orientation, and evaluation.
- 5.7.15 The appointment of the Chief Executive Officer and establishment of a framework for the delegation of authority.
- 5.7.16 Ensuring that the Company has appropriately constituted and effective Board committees, including an effective and independent Audit Committee, as required by the Companies Act, the Company's MOI, the JSE Listings Requirements and recommended by best corporate governance practice that the Company chooses to apply.
- 5.7.17 To review the performance and effectiveness of the Board, its individual members, and the Board committees.

#### Financial

- 5.7.18 To approve specific financial and non-financial objectives and policies proposed by management and to delegate authority for capital expenditure and reviewing investment, capital and funding proposals reserved for Board approval.
- 5.7.19 The adoption of any significant change or departure in the accounting policies and practices of the Company and its subsidiaries.
- 5.7.20 Raising of incremental borrowing facilities.
- 5.7.21 The approval of annual budgets, or any subsequent material deviations in budgets, in order to meet the approved strategy and business plans.
- 5.7.22 The Board should approve the annual financial statements, interim reports, the valuation of unlisted investments and loans, the declaration of dividends and the forfeiture of unclaimed dividends.
- 5.7.23 The recommendation to shareholders of any increase, reduction, or alteration to the share capital of the Company and the allotment, issue, or other disposal of shares of the Company (except for shares allotted under any share incentive scheme).
- 5.7.24 Approval of investment or divestment transactions exceeding the Chief Executive Officer's mandate.
- 5.7.25 The variation of the rights attaching to shares where such powers are vested in the Board.

#### Integrated reporting, other external reports, and governance disclosures

- 5.7.26 The Board should approve and oversee that the Company issues an integrated report and financial statements annually based on legal requirements, that it is published on the Company's website and that it contains the required corporate governance disclosures in terms of King IV™ (the disclosure requirements are not specified in this Charter but is as contained in the King IV™ code).

- 5.7.27 The Board should approve reporting frameworks and materiality, to be applied during reporting, based on legal requirements, and based on the audience of the external reports.
- 5.7.28 Ensuring the integrity of all external reports, the integrated report and providing oversight of reporting to shareholders and stakeholders on the direction, governance, and performance of the Company as well as other processes that need reporting and other disclosure requirements.
- 5.7.29 Ensuring that reports issued by the Company enable shareholders and stakeholders to make informed assessments of the Company's performance and its short-, medium- and long-term prospects.

#### Risk management and governance

- 5.7.30 The Board, assisted by the Audit, Governance and Risk Committee, directly assumes responsibility for the governance of risk. It approves the Company's risk policy that gives effect to its set direction on risk, ensuring that the Company's strategy takes account of the risks and opportunities the Company may be exposed to and the effects that risks may have on the achievement of organisational objectives.
- 5.7.31 The Board approves the Company's risk profile, risk appetite and tolerance levels, ensuring that risks are managed within these levels and considers the risk environment, as deemed appropriate and based on materiality and changes in the external, transactional, and internal environments.
- 5.7.32 To support the Board in ensuring effective and ongoing risk management oversight, the Audit, Governance and Risk Committee is responsible for ensuring the effective monitoring of risks, in compliance with the Company's enterprise risk management framework, risk policy and profile. In monitoring and providing oversight on the Company's risk, the Board and Audit, Governance and Risk Committee will consider potential opportunities as appropriate.
- 5.7.33 Management is accountable to the Board for designing, implementing, and monitoring the process of risk management and integrating it into the day-to-day activities of the Company.
- 5.7.34 The Board considers the need to receive periodic independent assurance on the effectiveness of the Company's risk management arrangements periodically.

#### Technology and information governance

- 5.7.35 The Board is 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 technology and information.
- 5.7.36 The Board delegates the responsibility to implement and execute effective technology and information management to management and, as assisted by the Audit, Governance and Risk Committee, exercise ongoing oversight of the management of information and technology in this regard.

5.7.37 The Board considers the need to receive periodic independent assurance on the effectiveness of the Company's technology and information arrangements periodically as part of the combined assurance arrangement.

#### Compliance governance

5.7.38 Satisfying itself that the Company and Group companies are governed effectively and adequately in accordance with corporate governance best practices, appropriate and relevant non-binding industry rules, codes and standards and internal control systems to maximise returns and sustainably, safeguard the people, assets and reputation of the Group and to ensure an effective and adequate control environment and compliance with applicable laws and regulations.

5.7.39 The Board is responsible for the governance of compliance with applicable laws and regulations, and to consider adherence to non-binding rules, codes, and standards, by setting the direction and arrangement of how compliance should be approached and addressed in the Company.

5.7.40 The Board delegates the responsibility to implement and execute effective compliance management to management and exercise ongoing oversight of the management of compliance in this regard.

5.7.41 To support the Board in ensuring effective compliance governance oversight, the Board committees are responsible for the monitoring of compliance within the ambit of each Committee's scope.

5.7.42 The Board considers the need to receive periodic independent assurance on the effectiveness of the Company's compliance arrangements periodically.

5.7.43 The Board shall oversee the publication of an annual compliance report pursuant to the B-BBEE Act, to be published on the Company's website and followed by an announcement on the Stock Exchange News Service.

#### Remuneration governance

5.7.44 Ensuring 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 King IV™.

5.7.45 The Board ensures 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. The Remuneration Committee assist the Board with their oversight responsibilities accordingly.

5.7.46 The approval of any share incentive scheme, the rules applicable to any such scheme and any amendment to such rules as recommended by the Remuneration Committee, for submission to shareholders or the JSE, if applicable.

5.7.47 The formulation of recommended policies in relation to equal opportunity employment, human capital development, environment, health and safety; and the approval of significant personnel policy changes.

5.7.48 The approval of the rules and amendments to the Company's pension and provident funds having a material effect on the actuarial liabilities of those funds.

#### Assurance

5.7.49 The Board, through its Audit, Governance and Risk Committee, shall assume responsibility for, and oversight over, assurance by setting the direction concerning the arrangements for assurance services and functions to enable an effective and adequate control environment and the integrity of information used for decision-making.

5.7.50 The Board should satisfy itself that the combined assurance model is effective and sufficiently robust and incorporates and optimises the various assurance services and functions so that, taken as a whole, these cover the Company's significant risks and material matters effectively.

5.7.51 The Board and its Committees should assess the output of the organisation's combined assurance on the integrity of information and reports, and the degree of which an effective and adequate control environment has been achieved.

#### Internal audit

5.7.52 Through its Audit, Governance and Risk Committee, set 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.

#### External audit

5.7.53 The Board shall recommend the appointment, removal, or replacement of the external auditors for approval by shareholders and ensure that the appointment of the external auditor is presented and included as a resolution at the annual general meeting.

#### Shareholder and stakeholder engagement

5.7.54 Ensuring that the Company, through its Social, Ethics and Transformation Committee, has an effective shareholder and stakeholder management framework and policy, and that the Company adopts a stakeholder-inclusive approach, for which the Board is ultimately responsible and over which the Board exercises ongoing oversight.

5.7.55 The Board delegates the responsibility to implement and execute effective stakeholder relationship management to management and has ongoing oversight responsibilities in this regard.

5.7.56 Monitoring of the relationship between the Company and its shareholders and other stakeholders and ensuring that shareholders are equitably treated and that the interests of minority shareholders are adequately protected. The Board appreciates that shareholder and stakeholder perceptions affect the Company's reputation.

5.7.57 The Board should ensure that the designated partner of the external audit firm attends the annual general meeting and that the minutes of the annual general meeting are made publicly available.

5.7.58 Convening of general meetings of shareholders and the approval of the notice and agenda for annual and general shareholder meetings.

## 5.8 The rights and duties of directors, individually and collectively

- 5.8.1 The members of the Board shall cultivate the following characteristics and exhibit them in their conduct, as encompassed and adopted in the Code of Ethics and in line with good corporate governance principles: integrity, competence, responsibility, accountability, fairness, and transparency.
- 5.8.2 Members of the Board shall act in the best interests of the Company by ensuring that individual directors:
- 5.8.2.1 adhere to legal advice in connection with their duties;
  - 5.8.2.2 are permitted to take legal advice in connection with their duties;
  - 5.8.2.3 disclose real or perceived conflicts of interest to the Board and deal with them accordingly; and
  - 5.8.2.4 deal in securities of the Company only in accordance with the policy adopted by the Board.
- 5.8.3 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.
- 5.8.4 Directors' duties, standards of conduct and liabilities are captured in the Sections 76 and 77 of the Companies Act, the Company's MOI and the JSE Listings Requirements. Directors have a legal obligation to act in the best interests of the Company, to act with due care, diligence and skill in discharging their duties as directors, to declare and avoid conflicts of interest with the Company and the group and to account to the Company for any advantages gained in discharging their duties on behalf of the Company.
- 5.8.5 Directors are expected to strictly observe the provisions of the Statutes applicable to the use and confidentiality of Company information.
- 5.8.6 Directors may at any time request a meeting with the Chairman and will individually meet with the Chairman on an annual basis to discuss the Board and Committee matters. The Chairman will invite non-executive directors from time to time to indicate whether they have a need to meet as a group without him and/or the executive management.
- 5.8.7 Directors have access to senior management and the company secretary for advice about governance of the Company and Group and Board procedures and may, after consultation with the Chairman, obtain such external advice as they may consider necessary, to properly discharge their duties to the Company, at the expense of the Company and subject to the Board approved policy in this regard.
- 5.8.8 The Board shall have unrestricted access to all Company information, records, documents, property, and senior management to assist them in the discharge of their duties and responsibilities.

5.8.9 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.

5.8.10 The Board may delegate matters with the necessary written authority to management. These matters should be monitored and evaluated on a regular basis.

## 6 BOARD COMMITTEES

6.1 In terms of the Company's MOI, the Board is authorised to appoint Board committees to assist in the execution of its duties, power, and authorities. Delegating authority to Board committees or management does not in any way mitigate or dissipate the discharge by the Board of its duties and responsibilities and ultimate accountability for the matters delegated remains with the Board. The individual Committee Charters should therefore be read with the Board Charter.

6.2 There shall be transparency and full disclosure from the Board committees to the Board, except where the Committee has been mandated otherwise by the Board, and an obligation on the Board to monitor and evaluate the activities of the Board committees.

6.3 Delegation is formal and involves:

6.3.1 formal terms of reference being established and approved for each Board Committee;

6.3.2 the annual review of the Board committees' terms of reference;

6.3.3 the Committees being appropriately constituted with due regard to the skills required by each Committee;

6.3.4 the Board establishing a framework for the delegation of authority to Board committees and management;

6.3.5 the Board notes reports from and/ or minutes of the meetings of each Committee of the Board; and

6.3.6 the Board monitors the activities of Committees and individuals with delegated authority.

6.4 The Board shall determine the tenure of each Committee.

6.5 The Board shall consider the allocation of roles and associated responsibilities and the composition of membership across the Committees holistically so as to achieve:

6.5.1 effective collaboration through cross-membership;

6.5.2 complementary rather than competing approaches; and

6.5.3 a balanced distribution of power in respect of membership across the Committees.

6.6 The Board has standing Committees, namely:

6.6.1 Audit, Governance and Risk Committee

6.6.2 Remuneration Committee

6.6.3 Nominations Committee

6.6.4 Social, Ethics and Transformation Committee



- 6.7 The Board committees shall, to the extent possible, be chaired by an independent non-executive director. The Chairmen or a nominated member of each Board Committee shall attend the annual general meeting to answer questions of shareholders regarding the deliberations of the Committee and matters falling within their terms of reference and disclosed in the integrated report.
- 6.8 A director may attend any Committee meeting as an observer, where he or she is not a member of such Committee. However, where the director is not a member of a Committee, the director is not entitled to participate without the consent of the Committee Chairman; does not have a vote; and is not entitled to fees for such attendance.

## **7 BOARD MEETINGS AND PROCEDURES**

- 7.1 As a fundamental component of the governance process, Board meetings are critical as they present the directors with an opportunity to obtain and exchange information with senior members of management, one another and to enable decision making.
- 7.2 Frequency
- 7.2.1 Meetings of the Board will be held as frequently as the Board deems appropriate in order for it to discharge its responsibilities, but subject to a minimum of 4 (four) times a year.
- 7.2.2 Meetings, in addition to those scheduled, may be held at the request of any director. Such meetings will be convened by the company secretary.
- 7.2.3 Dates of Board and Committees meetings are established by the Board annually in advance in respect of each calendar year and directors are given written notice of the meetings at such time. Short notice may be given of a Board and/ or Committee meeting under exceptional circumstances.
- 7.3 Attendance and participation
- 7.3.1 Members of the Board should attend meetings of the Board and its Committees and devote sufficient time and effort to prepare for those meetings. Directors will use their best endeavours to attend all scheduled Board meetings, including meetings called on an ad hoc basis for special matters.
- 7.3.2 Directors are expected to participate fully, frankly, and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, experience, skills, and abilities to the Board table.
- 7.3.3 Directors who are unable to attend a meeting must advise the Chairman or company secretary at an early date together with the reason for the inability to attend.
- 7.3.4 Directors may, in addition to being personally present, participate in meetings either telephonically or by video conference, in which case they will be counted as present.
- 7.3.5 Where the nominated Chairman of the Board is absent from a meeting, the Lead Independent Non-Executive Director shall act as Chairman.
- 7.3.6 The Board's discussions will be open and constructive. The Chairman will seek a consensus in the Board but may, where considered necessary, call for a vote, which will be decided by majority. In the event of an equality of votes, the Chairman will not have a second or casting

vote. Discussions and records will remain confidential unless a specific direction from the Board is to the contrary.

- 7.3.7 A director who absents himself from meetings of directors for 6 (six) consecutive months (without the leave of the other directors) and who, where applicable, is not represented by an alternate, may be required to vacate his or her office if the Board so resolves.
- 7.3.8 Members or senior management, assurance providers and professional advisors may attend meetings, but by invitation only and they may not vote.
- 7.4 The company secretary is the secretary to the Board.
- 7.5 Irrespective of any prior general declarations of financial, economic and other interests held, which a director may have filed with the Company, a director who has a real or prospective specific interest in any of the business of the Company or Group that may be dealt with at a Board meeting should inform the Chairman or the Board of such an interest as soon as the director becomes aware of such specific interest. Such director shall recuse himself or herself from discussions at Board or Board Committee meetings where such business would be discussed.
- 7.6 Agenda, Board papers and minutes
  - 7.6.1 The Board must, on an annual basis, establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual work plan must ensure proper coverage of the matters laid out in the Board 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 3 (three) year period. The timing and length of meetings, and the agendas are to be determined in accordance with the annual work plan.
  - 7.6.2 The Chairman, in conjunction with the company secretary, must ensure that an agenda covering all issues requiring attention is prepared prior to the meeting in such a way and sequence to effectively facilitate proceedings.
  - 7.6.3 The Chairman may meet with the Chief Executive Officer, Chief Financial Officer and/or the company secretary prior to a Board meeting to discuss important issues and agree on the agenda. However, any Board member may request the addition of an item on the agenda.
  - 7.6.4 The company secretary must, other than under exceptional circumstances, circulate the agenda and Board papers to the directors at least 5 (five) business days prior to the date scheduled for the meeting. Where a meeting is held at short notice the directors may agree, either formally or informally, to dispense with this requirement.
  - 7.6.5 Board members must prepare for meetings and fully acquaint themselves with the agenda and supporting documentation so as to be in a position to provide appropriate and constructive input on matters for discussion.
  - 7.6.6 The company secretary will be responsible for recording the minutes of the proceedings and is to complete the minutes within 10 (ten) working days after the meeting and circulate same to the Chairman for review. The minutes must be formally approved by the Board at its next scheduled meeting.
  - 7.6.7 Minutes are to be bound in a minute book.

7.6.8 In addition to the matters set out in these terms of reference, meetings and proceedings of the Board will be governed by the Company's MOI.

## 7.7 Quorum

The quorum necessary for Board meetings shall be a majority of directors in office. Should a meeting be properly convened, and a quorum is not present, it shall be reconvened and if a quorum is still not present, the quorum shall be amended to 3 (three).

## 7.8 Procedures

7.8.1 At each Board meeting the Board shall, *inter alia*, consider:

7.8.1.1 a report from the Chief Executive Officer;

7.8.1.2 a report from the Chief Financial Officer;

7.8.1.3 reports on the activities from the Company's individual business units and functions, where applicable;

7.8.1.4 specific proposals for capital expenditure and acquisitions;

7.8.1.5 key and major issues and strategic opportunities for the Company; and

7.8.1.6 a report back from the individual Board committees.

7.8.2 The Board must devise the annual work plan so as to ensure that the matters in this Charter are deliberated and discussed periodically.

7.8.3 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 their security passwords providing electronic access to their meeting packs with due care and vigilance. A record of Board submissions shall be maintained and held by the Company Secretary in line with the retention policy. Directors may arrange with the Company Secretary to obtain access to records of Board documentation and minutes if required by them while discharging their duties as directors of the Company.

## 8 BOARD RESOLUTIONS

8.1 It is the policy of the Board to limit the use of written resolutions to instances where the resolution is a required 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.

8.2 The Chairman, with the assistance of the Company Secretary, should consider in respect of each written resolution whether an urgent extra-ordinary Board meeting would be a more appropriate decision-making procedure than a written resolution.

8.3 Each member of the Board who can receive notice must receive notice of the matter to be decided by written resolution.

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

8.5 In the case of matters requiring urgent resolution or, if for any reason it is impracticable to meet or pass a resolution as contemplated in Article 29.13 of the Company's MOI, proceedings may be

conducted by utilizing conference telephone facilities, provided that the required quorum is met. A resolution agreed during the course of such proceedings shall be as valid and effectual as if it had been passed at a meeting of directors duly called and constituted. The company secretary shall as soon as is reasonably possible after such meeting by conference telephone facilities has been held, be notified thereof by relevant parties to the meeting, and shall prepare a written minute thereof.

- 8.6 Any resolution referred to in paragraph 8.5 may consist of several documents, each signed by one or more directors or their alternates in terms of the Company's MOI.
- 8.7 Any resolution referred to in paragraph 8.5 shall be deemed (unless the contrary is stated therein) to have been passed on the date upon which it was signed by the majority of directors or alternates required to sign it and where it states a date as being the date of its signature by any director or alternate, that document shall be *prima facie* evidence that it was signed by that director or alternate on that date.

## **9 SHARE DEALINGS BY DIRECTORS, COMPANY SECRETARY AND PRESCRIBED OFFICERS**

- 9.1 All directors, company secretary and prescribed officers of the Company and its major subsidiaries, are required to adhere to the Company's policy on dealing in the Company's securities, which is designed to prevent insider trading in terms of the Financial Markets Act.
- 9.2 Consent to deal in the Company's securities shall be sought from the Chairman of the Company by the directors, company secretary and prescribed officers of the Company and its major subsidiaries, prior to buying, selling, subscribing for, donating, exercising options or using the Company's securities as security, guarantee, collateral or otherwise granting a charge, lien or other encumbrance over the Company's securities. The directors, company secretary and prescribed officers must strictly observe the provisions of the Company's MOI, the Company's policy and procedure on dealing in the Company's securities and insider trading, the JSE Listings Requirements and all relevant legislative or regulatory procedures and shall follow any procedural recommendations prescribed by the Board from time to time. This will be effected through the office of the company secretary.
- 9.3 The Company Secretary shall be notified immediately of any dealing by a director, company secretary and prescribed officer in the securities of the Company. In terms of the JSE Listings Requirements, the Company is required to promptly announce all dealings in the securities of the Company by a director, company secretary and prescribed officer.

## **10 PUBLIC COMMUNICATION AND ANNOUNCEMENTS**

Only the Chairman and/or the Chief Executive Officer are authorised to make public announcements and comments on behalf of the Company.

## **11 COMPANY SECRETARY**

- 11.1 The decision to appoint or remove the Company Secretary is a Board decision. The employment contract or service level agreement and the remuneration of the Company Secretary must be determined by the Board.
- 11.2 The Board should be assisted by a competent, suitably qualified, and experienced Company Secretary.

- 11.3 The Board should ensure that the office of the Company Secretary is empowered and that the position carries the necessary authority.
- 11.4 The Company Secretary reports to the Board via the Chairman regarding the Company Secretary's statutory and corporate governance duties, and reports on other and administrative duties to the Chief Executive Officer and/or Chief Financial Officer.
- 11.5 The performance and independence of the Company Secretary should be evaluated annually by the Board.
- 11.6 The Company Secretary provides a central source of guidance and support to the Board and within the Company on matters of good governance and changes in legislation. The Board is aware of the duties of the Company Secretary and empowers him or her to fulfil those duties. As gatekeeper of good governance, the Company Secretary maintains an arm's length relationship with the Board and its directors as far as is reasonably possible.
- 11.7 The Company Secretary is not a director of the Company and has a direct channel of communication to the Chairman.
- 11.8 The Company Secretary is accountable to the Board to:
  - 11.8.1 ensure that Board procedures are followed and reviewed regularly;
  - 11.8.2 ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with;
  - 11.8.3 maintain statutory records in accordance with legal requirements;
  - 11.8.4 provide the Board and individual Board members with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Company and in line with good governance;
  - 11.8.5 keep abreast of, and inform the Board of, current corporate governance thinking and practice;
  - 11.8.6 assist the Nominations Committee with the appointment of directors;
  - 11.8.7 advise the Nominations Committee on all legal and regulatory matters, including legal frameworks and processes;
  - 11.8.8 advise the Nominations Committee with respect to all regulatory filing and public disclosure relating to the Company's governance processes;
  - 11.8.9 assist with director induction and training programmes;
  - 11.8.10 ensure that the Board Charter and the terms of reference of Board committees are kept up to date;
  - 11.8.11 prepare and circulate Board and Board Committee papers timeously;
  - 11.8.12 elicit responses, input, feedback for Board and Board Committee meetings;
  - 11.8.13 assist in drafting annual work plans;
  - 11.8.14 ensure preparation and circulation of minutes of Board and Board Committee meetings; and

11.8.15 assist with the evaluation of the Board, Board committees, and individual directors.

## 12 GROUP COMPANIES

The Company has several direct and indirect subsidiaries. As direct or indirect shareholder of these subsidiaries, the Company exercises its shareholder rights to ensure that the Company approves material decisions of its subsidiaries and that the Group's minimum requirements in respect of matters such as governance, internal controls, financial management, disclosure controls, risk management, legal compliance, safety, health and environmental management, internal audit, ethics management, human resource management, information management, stakeholder relationships and sustainability are complied with.

## 13 DISCLOSURE AND CONFLICTS OF INTEREST

13.1 In terms of Section 75 of the Companies Act and the Company's MOI, 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:

13.1.1 must disclose the general nature of the interest before the matter is considered;

13.1.2 must disclose all material information known to the director to the meeting;

13.1.3 may disclose observations and insights relating to the matter if requested by the other directors to do so; and

13.1.4 may not be present at the meeting where the matter is discussed and may not participate in the consideration of the matter.

13.2 A director may disclose any personal financial interest in advance by delivering to the Company Secretary a notice setting out the nature and extent of the financial interest to be used until changed or withdrawn.

13.3 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.

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

13.5 In addition to the declaration of personal financial interest made by members, the members of the Board should annually submit a declaration of economic and other interest held by the member or related parties.

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

13.6.1 consider all declarations of interest;

13.6.2 report to the Board any conflicts of interest which require specific action by the Board; and

13.6.3 recommend to the Board which directors should be categorised for governance purposes as executive directors, non-executive directors, and independent non-executive directors.

13.7 Enduring material conflicts of interest 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 when they develop an actual or prospective material, enduring conflict of interest with the Company or a Group company.

- 13.8 Directors should recuse themselves from discussion or decisions on those matters where they have conflicts or potential conflicts of interest.
- 13.9 The Board may, if it deems appropriate, request a director to recuse himself/herself from the meeting for the duration of the matter under discussion in exceptional circumstances.
- 13.10 On appointment, directors will have an opportunity to declare any such interests and they will be entered into the Company's Register of Director's Interests.
- 13.11 Directors should update this disclosure by notifying the Company Secretary, in writing as soon as they become aware of any conflicts. Directors are expected to indicate to the Chairman of an actual or potential conflict of interest situation as soon as it arises.
- 13.12 At the beginning of each Board or Board Committee meeting, any member should declare a potential conflict of interest in respect of a matter on the agenda. Any such conflicts should be proactively managed and subject to legal provisions.
- 13.13 Non-executive directors of the Company may continue to serve, in an independent capacity, for longer than 9 (nine) years if, upon an assessment by the Company conducted every year after 9 (nine) years, it is concluded that the director exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

#### **14 PERFORMANCE EVALUATION: BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS AND MEMBERS OF COMMITTEES**

- 14.1 A formal evaluation of the Board, its Committees, and individual directors, including the Chairman, must be performed, either externally facilitated or in accordance with methodology approved by the Nominations Committee, at least every 2 (two) years.
- 14.2 Every alternate year, opportunity is provided for reflection and discussion by the Board of its performance and that of its Committees, its Chairman and its members.
- 14.3 As part of the performance evaluation of the effectiveness and adequacy of the Board, its Committees and individual directors, the results of the formal performance evaluations shall be reported on in the integrated report.
- 14.4 The Nominations Committee is responsible to review the effectiveness of the Board and Board committees and its individual members. For this purpose, the Nominations Committee adopts an appropriate methodology to perform the performance evaluations. As part of the performance evaluation of the effectiveness of the Board, its Committees and individual directors, the Nominations Committee will consider the balance of diversity attributes and representation on the Board, including race, gender, culture, age, field of knowledge, skills and experience and other factors relevant to its effectiveness.
- 14.5 The Lead Independent Non-Executive Director, or in the absence of a Lead Independent Non-Executive Director, an independent non-executive director appointed by the Board, shall ensure that the performance of the Chairman is evaluated and shall chair those portions of meetings at which the Chairman's performance appraisal is discussed.

- 14.6 The Board shall evaluate its own performance, and its own processes and procedures at least every 2 (two) years to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.
- 14.7 This shall take the form of a questionnaire comprising a self-evaluation of the Board as a whole, and the responses will be collected and collated by the company secretary and reported to the Chairman who will consider the findings and discuss same with the Board.
- 14.8 The Board shall appraise the performance of the Chairman and the contribution of each individual director at least every 2 (two) years or such other basis as the Board may determine which will usually be undertaken by the Nominations Committee.
- 14.9 The Chairman, or the Nominations Committee and the Remuneration Committee, shall appraise the performance of the Chief Executive Officer and Chief Financial Officer at least every 2 (two) years. The results of such appraisals shall be considered by the Nominations Committee and the Remuneration Committee to guide it on its evaluation of the performance and remuneration of the Chief Executive Officer and Chief Financial Officer. The evaluation of the Chief Executive Officer and Chief Financial Officer should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, etc.

## **15 REMUNERATION**

- 15.1 The Remuneration Committee will determine the level of remuneration payable to executive directors and divisional directors according to its terms of reference and remuneration philosophy and shall make recommendations to the Board on the level of fees payable to non-executive directors for approval by shareholders at the annual general meeting.
- 15.2 Executive directors will not receive fees as they are paid as employees of the Company in accordance with their contracts of employment with the Company. Similarly, any fees or remuneration of any kind received or earned by an executive director for services rendered in connection with any other outside appointments shall accrue to the Company unless the Board resolves otherwise.
- 15.3 A proportion of each executive director's remuneration should be structured to link rewards to corporate and individual performance.
- 15.4 The Board should report on remuneration in the integrated report in terms of the requirements of the Companies Act, the JSE Listings Requirements and any other applicable legislation and codes of good practice.

## **16 POLICY IN RESPECT OF BUSINESS RESCUE PROCEEDINGS OR OTHER TURNAROUND MECHANISMS**

The Board shall continuously monitor the solvency and liquidity of the Company and shall obtain adequate assurances from management about the solvency and liquidity of Group companies to ensure it remains a going concern. 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.

## **17 POLICY IN RESPECT OF DISPUTE RESOLUTION**

- 17.1 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.
- 17.2 The merits of claims against the Company or Group companies or allegations of misconduct or non-compliance against the Company or a Group 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.
- 17.3 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 or a Group company.
- 17.4 The validity and veracity of reasons for defending a claim against the Company or the Metrofile group should be confirmed by written external legal advice before the commencement of formal legal proceedings to institute a legal action by way of formal legal proceedings.
- 17.5 The authority to make decisions in respect of dispute resolution and to represent the Company or a Group company is governed by the delegations of authority framework as approved by the Board from time to time.

## **18 INSURANCE**

The Company shall secure Directors' and Officers' liability insurance which provides cover for the group and its directors and officers. Full details of the terms, conditions and limitations of such cover can be obtained from the Company Secretary.

## **19 MEMORANDUM OF INCORPORATION**

- 19.1 This Board Charter is not intended to replace or amend the Company's MOI in any way whatsoever. In the event of a conflict between the Company's MOI and the Board Charter, the provisions of the Company's MOI shall prevail. 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 Charter should consult the Company Secretary in this regard.
- 19.2 The Board shall recommend any amendments to the Company's MOI for approval by shareholders.

## **20 REPEAL OF PREVIOUS CHARTER**

This Board Charter shall revoke and supersede the current Board Charter in its totality from the date of its approval by the Board.

This Charter was approved by the Board on 30 June 2022.

