



## TRANSNET SOC LTD

### BOARD OF DIRECTORS CHARTER

#### 1. INTRODUCTION

The Board of Directors ("the Board") of Transnet SOC Ltd ("the Company") has adopted this Board Charter ("this Charter") which sets out the principles for the operation of the Board.

This Charter is drafted in accordance with, *inter alia*, the Legal Succession to the South African Transport Services Act 9 of 1989, as amended, the Public Finance Management Act, 1999 (Act No. 1 of 1999) ("the PFMA") and regulations thereunder, the Companies Act, 2008 (Act No. 71 of 2008) as amended ("the Companies Act") and the Companies Regulations, the JSE Debt Listing Requirements, 2020, King IV Report on Corporate Governance in South Africa, 2016 ("King IV"), Protocol on Corporate Governance in the Public Sector, 2000, Handbook for the appointment of persons to boards of state and state controlled institutions, 2008, the Company's Memorandum of Incorporation ("the MOI"), the Delegation of Authority Policy and Framework of the Company, the Significance and Materiality Framework of the Company, the common law and all other applicable laws and regulations.

This Charter is not intended to replace or amend the MOI in any way whatsoever and in the event of any conflict with the MOI, the MOI shall prevail over this Charter.

#### 2. BOARD'S PRIMARY PURPOSE

The primary purpose of the Board, through the exercise of ethical and effective leadership<sup>1</sup>, is to manage or direct the management of the business and affairs of the Company,<sup>2</sup> and serve as the focal point and custodian of corporate governance<sup>3</sup>. This is in respect of the Company and each company within its group of companies of which the Company has direct or indirect control (the Company and each company within its group of companies collectively referred to herein as "the Group", and each company within the Group being a ("Group Company").

The Board shall assume responsibility for governance across the Group by setting the direction for how the relationships and exercise of power within the Group should be approached and conducted.

#### 3. COMPOSITION

- 3.1 The composition of the Board, the election of the Chairperson of the Board, and the term of directors holding office, shall be as provided for in the MOI.

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<sup>1</sup> King IV, Part 5.1 Leadership, ethics and corporate citizenship; Principle 1

<sup>2</sup> Section 66(1) of the Companies Act: "*The business and affairs of a company must be managed by or under the direction of its board, which has the authority to exercise all of the powers and perform any of the functions of the company, except to the extent that this Act or the company's Memorandum of Incorporation provides otherwise* "

<sup>3</sup> King IV, Part 5.3 Governing structure and delegation; Principle 6

- 3.2 The Board should comprise an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.<sup>4</sup> The composition of the Board shall be reviewed periodically to ensure the appropriate balance.

#### **4. ROLES AND RESPONSIBILITIES**

- 4.1 The role and responsibilities of the Board (which may be delegated, without derogating from the Board's responsibility) are to:

##### **Strategy**

steer and set the strategic direction of the Group; approve policy and planning that give effect to the Group strategy; oversee and monitor implementation and execution of the Group strategy by Management; ensure accountability for the Group's performance through reporting and disclosures;<sup>5</sup>

- 4.1.1 oversee effective corporate governance of the Group;<sup>6</sup>
- 4.1.2 act in good faith and in the best interest of the Company;<sup>7</sup>
- 4.1.3 oversee and monitor that the Company is and is seen to be a responsible corporate citizen, having regard to, among other things, the impact that business operations of the Group have on the customers of the Group who rely on its services, the natural environment and the wider society within which it operates;<sup>8</sup>
- 4.1.4 approve the following and related frameworks:
- 4.1.4.1 reviewing of the past strategy, formulation of the new strategy (or updating of the current strategy), and guidelines for strategy execution, monitoring and reporting;
- 4.1.4.2 ensuring that the integration of strategy analysis, risk (including the Group's risk appetite and Group Companies' tolerance levels), compliance and ethics serve as minimum criteria for formulation of new or updating of the current strategy;
- 4.1.4.3 The Transnet Group's Strategy Cycle and Planning Horizons, multi-year Corporate Strategy, the Corporate Plan, Resource Plan and Annual Budget for the Group.

##### **Ethics, risk, compliance and information and technology**

Be responsible for the governance of ethics and risk, compliance and information and technology;<sup>9</sup>

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<sup>4</sup> King IV, Part 5.3 Governing structure and delegation; principle 7

<sup>5</sup> King IV, principle 6, recommendation 1

<sup>6</sup> King IV, Part 5.3 Governing structure and delegation; principle 6 and principle 16, recommendation 11

<sup>7</sup> Section 76(3) of the Companies Act: "a director of a company, when acting in that capacity, must exercise the powers and perform the functions of director, (a) in good faith and for a proper purpose; (b) in the best interests of the company; and (c) with the degree of care, skill and diligence."

<sup>8</sup> King IV, Part 5.1 Leadership, ethics and corporate citizenship; Principle 3

<sup>9</sup> King IV, Part 5.1 Leadership, ethics and corporate citizenship; Principle 2 ; and Part 5.4 Governance Functional areas; Principle 11; and Part 5.4 Governance Functional areas; Principle 12

- 4.1.5 set the direction for how risk should be approached and addressed in the Group, taking into consideration, *inter alia*, (i) opportunities and associated risk when developing strategy; and (ii) the potential effects of risks on the achievement of the Group's objectives;<sup>10</sup>
- 4.1.6 approve policy that articulates and gives effect to its set direction on risk;<sup>11</sup>
- 4.1.7 evaluate and approve the nature and extent of the risks that the Group Companies should be willing to take in pursuit of their strategic objectives, approving in particular: (i) the Group Companies' risk appetite, and (ii) the limit of the potential loss that the Group Companies have the capacity to tolerate;

**Be responsible for the Company and the Group's reputational risk controls**

- 4.1.8 consider the need to receive periodic independent assurance on the effectiveness of risk management;<sup>12</sup>
- 4.1.9 ensure that Codes of Conduct and Ethics Policies are in place that articulate and give effect to its direction on organisational ethics, and ensure that the Codes of Conduct and Ethics Policies are implemented and executed;<sup>13</sup>
- 4.1.10 oversee and be responsible for the Company's Group's compliance with applicable laws and consider adherence to non-binding rules, codes and standards;<sup>14</sup>
- 4.1.11 approve the Compliance Plan of the Group,<sup>15</sup> exercise ongoing oversight of compliance,<sup>16</sup> and receive periodic reports regarding implementation and execution of effective compliance management;
- 4.1.12 review and approve changes to the Company's and the Group's policies in accordance with the Delegation of Authority Policy and Framework;
- 4.1.13 oversee and be responsible for the governance of information, communications and technology ("ICT") within the Group;<sup>17</sup>
- 4.1.14 be responsible for the effectiveness of the design and implementation of systems of financial, operational and internal controls of the Company and the Group, the review of which shall be delegated to appropriate Board Committees provided that the Board ensures that reporting on such matters is adequate;
- 4.1.15 ensure the establishment and implementation of an ICT Charter, ICT Policies and a Decision Framework for significant new ICT projects. The adequacy and review of the governance of ICT shall be delegated

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<sup>10</sup> King IV, principle 11, recommendation 1

<sup>11</sup> King IV, principle 11, recommendation 3

<sup>12</sup> King IV, principle 11, recommendation 7

<sup>13</sup> King IV, principle 2, recommendations 5 and 8

<sup>14</sup> King IV, Part 5.4 Governance Functional areas; principle 13

<sup>15</sup> King IV, principle 13, recommendation 19

<sup>16</sup> King IV, principle 13, recommendation 21

<sup>17</sup> King IV, Part 5.4 Governance Functional areas; principle 12

to appropriate Board Committees, particularly the Audit-, Corporate Governance and Nominations- and Risk Committees, provided that the Board ensures that reporting on such matters is adequate;

### **Reporting and Assurance**

- 4.1.16 ensure the integrity of the Company's Annual Integrated Report;<sup>18</sup>
- 4.1.17 ensure that reports issued by the Company enable stakeholders to make informed assessments of the Group's performance and short- medium and long-term prospects;<sup>19</sup>
- 4.1.18 ensure the Company's assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and external reports;<sup>20</sup>
- 4.1.19 consider reports submitted to the Board by the Group Chief Executive and the Group Executive Committee;

### **Leadership**

- 4.1.20 recommend, for appointment by the Shareholder,<sup>21</sup> a suitably experienced and skilled Non-Executive Director as the Board Chairperson, on the recommendation of the Corporate Governance and Nominations Committee;
- 4.1.21 as contemplated in the MOI, recommend the appointment and/or removal of the Group Chief Executive and Group Chief Financial Officer, to the Shareholder;<sup>22</sup>
- 4.1.22 consider the Group Chief Executive's membership of additional professional positions including other organisations outside the Group;<sup>23</sup>
- 4.1.23 consult the Shareholder regarding the rotation of Directors in terms of the MOI;
- 4.1.24 ensure that an adequate induction programme exists for newly appointed directors of the Company and each Group Company appointed or elected by the Company;<sup>24</sup>
- 4.1.25 review the Board's succession plans for Executive and Non-Executive Directors, including in respect of the Board Chairperson and Group Chief Executive;<sup>25</sup>
- 4.1.26 approve the appointment and/or removal of the Group Company Secretary,<sup>26</sup> on the recommendation of the Corporate Governance and Nominations Committee;

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<sup>18</sup> King IV, principle 15, recommendation 44

<sup>19</sup> King IV, Pat 5.2 Strategy, performance and reporting; principle 5

<sup>20</sup> King IV, Part 5.4 Governance Functional areas; Principle 15

<sup>21</sup> MOI, clause 16.1

<sup>22</sup> MOI, Clause 15.1

<sup>23</sup> King IV, principle 10, recommendation 80

<sup>24</sup> King IV, principle 7, recommendation 22

<sup>25</sup> King IV, principle 7, recommendation 37; and principle 10, recommendation 81

<sup>26</sup> King IV, principle 10, recommendation 94

4.1.27 Oversee change management of the Group's capacity to identify and respond to its economic and operating environments.

### **Delegation**

4.1.28 approve the Delegation of Authority Policy and Framework that articulates and gives effect to the Board's direction on relationships and the exercise of authority across the Group;<sup>27</sup>

4.1.29 oversee the monitoring of compliance with the Delegation of Authority Policy and Framework, and review all reports dealing with material non-compliance and consider the reasonableness of actions taken to remedy such material non-compliance, in relation to the Company and other Group Companies;

4.1.30 ensure the Delegation of Authority Policy and Framework promotes independent judgement, and assists with balance of power and the effective discharge of duties;<sup>28</sup>

4.1.31 delegate to the Group Chief Executive any of the powers and duties of the Board in terms of the Delegation of Authority Policy and Framework, including, to the extent permissible in law, the power of sub-delegation;

4.1.32 delegate to Board Committees any of the powers and duties of the Board, in terms the Delegation of Authority Policy and Framework, including, to the extent permissible in law, the power of sub-delegation;

4.1.33 review and approve the Charters of Committees of the Board, annually or as and when required;<sup>29</sup>

4.1.34 provide input regarding strategies and policies on senior management appointments in the Group;<sup>30</sup>

4.1.35 approve the obtaining of independent, external professional advice at the cost of the Company on matters within the scope of their duties;<sup>31</sup>

4.1.36 approve the protocol to be followed by Non-Executive Directors for requisitioning documentation from, and setting up meetings with, management of the Company and the Group;<sup>32</sup>

4.1.37 Approve and monitor Board reserved policies and procedures in line with the DOA Policy and Framework.

4.1.38 Approve the operating model and restructuring of the Company.

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<sup>27</sup> King IV, principle 16, recommendation 12

<sup>28</sup> King IV, Part 5.3 Governing structure and delegation; Principle 8

<sup>29</sup> King IV, principle 8, recommendation 42

<sup>30</sup> King IV, principle 10, recommendation 87

<sup>31</sup> King IV, principle 6, recommendation 3

<sup>32</sup> King IV, principle 6, recommendation 4

- 4.1.39 The Board shall approve matters in line with the DoA Policy and Framework including delegations on capex, Group Treasury, People Management, approval of mutual separation of the Group Company Secretary, Prescribed Officers and Non-Executive Directors in accordance with the MOI.

### **Remuneration**

- 4.1.40 approve the Remuneration Policy of the Group (the review of which is the responsibility of the Group Remuneration, Social and Ethics Committee ("REMSEC")) to ensure that the Group remunerates fairly, responsibly, and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term;<sup>33</sup>
- 4.1.41 ensure financial affordability of the Company to meet the remuneration guidelines requirements as stipulated, from time to time, by the Shareholder. Where revenue/income does not cover the percentage stipulated in the Directive, the Board shall determine and recommend a lower percentage to the Shareholder for approval;

### **Performance**

- 4.1.42 approve the performance measures of the Group Chief Executive, and formally evaluate the performance of the Group Chief Executive against agreed performance measures and targets at least annually;<sup>34</sup>
- 4.1.43 oversee, at such intervals as the Board deems appropriate, but at least annually, the Group Companies' performance against key performance measures and targets for assessing the achievement of the strategic objectives and outcomes over the short, medium and long term;<sup>35</sup>
- 4.1.44 ensure that an adequate budget and planning process exists, and that performance of the Company and the Group is measured against budgets and business plans;
- 4.1.45 approve the Group's financial objectives, including capital expenditure, treasury, capital and funding proposals;
- 4.1.46 monitor the solvency and liquidity of the Company and consider business rescue proceedings in the event of financial distress;
- 4.1.47 ensure that the business of the Company is not carried on recklessly;<sup>36</sup>

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<sup>33</sup> King IV, Part 5.4 Governance functional areas; Principle 14

<sup>34</sup> King IV, principle 10, recommendation 82

<sup>35</sup> King IV, principle 4, recommendation 4

<sup>36</sup> Sections 22(1) "A company must not carry on its business recklessly, with gross negligence, with intent to defraud any person or for any fraudulent purpose." and 77(3)(b) "A director of a company is liable for any loss, damages or costs sustained by the company as a direct or indirect consequence of the director having- acquiesced in the carrying on of the company's business despite knowing that it was being conducted in a manner prohibited by section 22(1)"; of the Companies Act

## **Stakeholders**

- 4.1.48 adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the Company over time;<sup>37</sup>
- 4.1.49 ensure appropriate strategic engagement with regulatory bodies (regarding, among other things, Government policy matters, tariff applications and engagements on records of decision);
- 4.1.50 monitor the relationship between Management and the stakeholders of the Company and the Group;

## **Other**

- 4.1.51 on the recommendation of the Corporate Governance and Nominations Committee, appoint and remove the following:
  - 4.1.51.1 Chairpersons and members of Board committees, except for the REMSEC and Audit Committee;
  - 4.1.51.2 directors of the Group's subsidiaries, Affiliate companies (companies in which the Company holds a shareholding between 20% and 50%) and Investment Companies (companies in which the Company holds a shareholding of less than 20%); and
  - 4.1.51.3 trustees of the Group's Pension Funds subject to the rules of those Funds.

## **5. MATTERS RESERVED FOR APPROVAL BY THE SHAREHOLDER**

Certain matters are reserved for approval by the Shareholder in terms of the MOI, the Delegation of Authority Policy and Framework, the Companies Act, and the Significance and Materiality Framework.

## **6. DELEGATION AND COMMITTEES**

- 6.1 The Board may delegate any of its powers and duties to the Group Chief Executive, the Group Executive Committee, Board Committees, and other persons, in terms of the Charters of such Committees and/or the Delegation of Authority Policy and Framework, without derogating from the Board's responsibility.
- 6.2 Notwithstanding any delegation of authority to any person or Committee, certain matters shall be reserved for decision by the Board as set out in the Delegation of Authority Policy and Framework.
- 6.3 The Board may establish, and delegate authority to, Steering Committees comprised of Directors, and if appropriate, other persons.
- 6.4 The creation of a Committee, delegation of any power to a Committee, or action taken by a Committee, does not alone satisfy or constitute compliance by a Director with the required duty of a Director to the Company, as set out in section 76 of the Companies Act.<sup>38</sup>

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<sup>37</sup> King IV, Part 5.5 Stakeholder relationship; Principle 16

<sup>38</sup> Section 72(3) "*The creation of a committee, delegation of any power to a committee, or action taken by a committee, does not alone satisfy or constitute compliance by a director with the required duty of a director to the company, as set out in section 76*". of the Companies Act

- 6.5 The following Standing Committees have been established by the Board:
- 6.5.1 Group Audit Committee;
  - 6.5.2 Group REMSEC;
  - 6.5.3 Group Corporate Governance and Nominations Committee;
  - 6.5.4 Group Risk Committee; and
  - 6.5.5 Group Finance and Investment Committee.
- 6.6 The Board shall, with the assistance of the Corporate Governance and Nominations Committee, appropriately constitute Board Committees with due regard to the skills required by each Committee, to ensure that each Committee has the necessary knowledge, skills and capacity to execute its duties effectively, to comply with the requirements of all laws and regulations applicable to the Company and the Group.<sup>39</sup>
- 6.7 The members of the REMSEC shall be appointed by the Board<sup>40</sup> and confirmed/elected by the Shareholder<sup>41</sup>.
- 6.8 Each Board Committee shall report through its Chairperson to the Board as and when required by the Board, and in any event at least annually. The Board may require that such reporting be provided in writing, or orally by the Chairperson of the relevant Board Committee attending a Board meeting.
- 6.9 The Board may delegate the approval of certain policies of the Group Companies to relevant Board Committees, where appropriate, in terms of the Charters of such Committees and/or the Delegation of Authority Policy and Framework, including the following policies:
- 6.9.1 Policy on Non-Executive Directorship and Trusteeship for Transnet employees;
  - 6.9.2 Succession Policy;
  - 6.9.3 Performance Management Policy;
  - 6.9.4 Property-related Policies;
  - 6.9.5 Supply Chain Management Policy;
  - 6.9.6 Sustainability Policy;
  - 6.9.7 Treasury Policy;
  - 6.9.8 Taxation Policy; and
  - 6.9.9 Insurance Policy or Cover.

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<sup>39</sup> King IV, principle 16, recommendation 45

<sup>40</sup> MOI, Clause 23.1, and Regulation 43(3) of the Companies Regulations

<sup>41</sup> MOI, Clause 15.1.1.16



- 6.10 Unless approval has been delegated to a Board Committee, the Board will be responsible for approving any policies recommended to it by Board Committees within such Board Committees' mandates.
- 6.11 The membership of sub-committees of the Board shall be approved by the Board for the Audit Committee and REMSEC in accordance with the MOI.
- 6.12 Each of the Board Committees shall be formally evaluated as required by Shareholder, legislation and/or best practice governance, and in any event no less than every two years<sup>42</sup>, and actions from the evaluation should be agreed with implementation tracked and reported to the Board in accordance with the Board Evaluation Policy.

## **7. ACCESS TO INFORMATION AND RESOURCES**

The Board may:

- 7.1 access any information it needs to fulfil its responsibilities;
- 7.2 with prior notification to the Board Chairperson, seek independent advice and consult with professional advisors or consultants, facilitated through the Group Company Secretary and/or the Board Chairperson, at the Company's expense;
- 7.3 obtain information from the Group Chief Executive, members of the Group Executive Committee and external auditors;
- 7.4 consult with, and receive the full co-operation of, any senior management of the Company where necessary to fulfil its responsibilities, through a written request to the Office of the Group Company Secretary;
- 7.5 instruct the Chairpersons of Board Committees, any Executive Directors, the Group Executive Committee, Group Company Secretary or assurance provider to attend meetings of the Board and/or provide it with information and subject to the provisions of this Charter pertaining to attendance at Board meetings.

## **8. REPORTING RESPONSIBILITIES**

- 8.1 The Board reports through its Chairperson to the Shareholder Minister on a quarterly basis, and in the Integrated Report at the Company's Annual General Meeting.
- 8.2 Should the Board receive a complaint or report implicating the Group Chief Executive, any Director, or any employee of the Company, in financial misconduct, fraud, corruption or gross negligence, the Board Chairperson must promptly address the matter.
- 8.3 If the complaint or report implicates the Board Chairperson, the matter should be referred by the Board to the Chairperson of the Audit Committee for consideration.

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<sup>42</sup> King IV, principle 9, recommendation 73

## **9. ROLE OF THE BOARD CHAIRPERSON**

9.1 The Board Chairperson is responsible for ensuring effectiveness of the Board in fulfilling its mandated functions.

9.2 The Board Chairperson is required to support the Group Chief Executive in implementing the Group's objectives as agreed by the Board.

9.3 The Board Chairperson is required to adhere to the Board Chairperson's role.

9.4 Among other things, the Board Chairperson shall:

9.4.1 be responsible for ensuring the orderly progress of Board meetings and should exercise procedural control over meetings;

9.4.2 ensure that the time of the meeting is used productively which includes (i) allocating sufficient time required for each item on the agenda, (ii) ensuring that the agenda is followed, and all agenda items are addressed in the time allocated for the meeting, and (iii) closing the meeting at the scheduled time;

9.4.3 not permit the re-opening of matters which have already been decided on by the Board and the re-consideration of decisions with the result that previous decisions and resolutions are overturned by new arguments. Decisions of the Board should only be reconsidered where there is material new or changed information. Further, the Chairperson should encourage effective and constructive participation of all Board members, and ensure that no one person or group of persons dominate the discussions; and

9.4.4 if the Board Chairperson considers it necessary and appropriate, facilitate informal meetings among Non-Executive Directors shortly before formal Board meetings, to facilitate more effective Board decision-making and ensure that Board members are fully informed before the formal meeting and to enable them to ask questions which may not be appropriate for the formal Board meeting.

## **10. DIRECTORS REMUNERATION**

10.1 Directors shall be remunerated for their services. The Board Chairperson shall be paid an additional fee for his/her services as Chairperson.

10.2 The remuneration of Non-Executive Directors for their services on the Board and on Committees of the Board ("Board Committees") will be:

- 10.2.1 recommended by the Remuneration, Social and Ethics Committee of the Company ("REMSEC") to the Board;
  - 10.2.2 recommended by the Board to the Shareholder; and
  - 10.2.3 approved by the Shareholder<sup>43</sup>.
- 10.3 Executive Directors are remunerated as employees of the Company in terms of their employment contracts.
- 10.4 The remuneration and incentives of Directors shall be formulated in line with the Guidelines for State Owned Companies Remuneration and Incentives for Executive Directors, Prescribed Officers and Non-Executive Directors.

## **11. BOARD EVALUATION**

A formal evaluation of the performance of the Board, the Board Chairperson and the individual Directors shall be conducted in line with the Board Evaluation Policy and in accordance with the MOI or as appropriately determined by the Shareholder.

## **12. BOARD OPERATION**

### **12.1 Frequency**

12.1.1 The Board shall hold a minimum of 4 (four) meetings per financial year, on a quarterly basis, which shall be scheduled in its Annual Work Plan. Board meeting dates shall be scheduled upon approval of the Corporate Calendar and in line with the Shareholder directives.

12.1.2 Special ad hoc meetings, in addition to those scheduled in the Annual Work Plan, may be convened in accordance with the provisions of the MOI regarding convening meetings.

12.1.3 The Board should govern in an effective and efficient manner and accordingly the number of special ad hoc meetings should be limited and only scheduled if a matter is important and urgent and cannot be deferred to the next scheduled meeting.

### **12.2 Quorum**

The quorum for Board meetings shall be as provided for in the MOI. A duly constituted meeting shall be competent to exercise all or any of the authorities, powers and responsibilities vested in or exercisable by the Board.

### **12.3 Attendance**

12.3.1 Directors must attend all scheduled meetings of the Board, including meetings scheduled on an *ad hoc* basis for special matters, unless a Director has given notification to the Board

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<sup>43</sup> Section 66(9), "Remuneration contemplated in subsection (8) may be paid only in accordance with a special resolution approved by the shareholders within the previous two years." of the Companies Act

Chairperson and/or the Group Company Secretary of his/her inability to attend, in accordance with the provisions of the MOI in this regard.

12.3.2 The Board Chairperson shall be responsible for ensuring that Directors attend meetings regularly, for the full duration thereof.

12.3.3 If the Board Chairperson is unable to attend a meeting, the Directors present must elect a Chairperson among them for the duration of the meeting.

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

12.3.5 The following persons (each an "Invitee") may attend Board meetings by invitation of the Board Chairperson:

12.3.5.1 members of executive management and senior management of the Group Companies;

12.3.5.2 assurance providers and professional advisors.

12.3.6 To ensure that Board meetings run efficiently and facilitate decision-making in an effective manner:

12.3.6.1 only executives who are also Directors (such as the Group Chief Executive and Group Chief Financial Officer) may attend Board meetings. Other executives and members of senior management may only attend a specific Board meeting by invitation of the Board Chairperson; and

12.3.6.2 invitations should not be extended as a norm, but only if the executive or member of senior management is needed to assist on specific items of the meeting relevant to their work. The Invitee should only attend the meeting for the relevant agenda item and should not be permitted to contribute on any other matter. Further, they should be requested to be excused from the meeting after their input on the relevant item has been provided.

12.3.7 Invitees attending a Board meeting may only participate in discussions to the extent necessary to fulfil the purpose of his/her attendance, and do not form part of the quorum for Board meetings and may not vote on any matter.

#### 12.4 **Board submissions, agendas, and minutes**

12.4.1 Submissions for consideration by the Board will be submitted, in the normal course, a minimum of seven days before the meeting to enable Directors to study the content and allow adequate opportunity for formal and informal discussion. The Group Company Secretary shall ensure that the submissions are comprehensive, detailed, precise and complete before they are circulated to the Board members. After receiving the submissions, Directors may request additional information pertaining to the matters contemplated in the papers, no later than five

days before the meeting. If additional information is submitted to the Directors upon request, it shall, if appropriate, be clearly labelled to indicate that such document constitutes additional but non-essential reading.

12.4.2 The Board Chairperson may meet with the Group Chief Executive, the Group Chief Financial Officer and the Group Company Secretary prior to a Board meeting to discuss important issues and agree on the agenda. The following shall apply to the preparation and distribution of agendas:

12.4.2.1 the Group Company Secretary in consultation with the Chairperson, should determine the agenda. The agenda should include the estimated times for discussion of each agenda item;

12.4.2.2 at least 10 days before the meeting, the Group Company Secretary must circulate a draft agenda to the Directors to request whether the Directors wish to propose any items for inclusion in the agenda, and the Board Chairperson shall include a deadline for the inclusion of additional items. The Board Chairperson shall decide whether to include the additional items on the agenda;

12.4.2.3 the Group Company Secretary shall ensure that the agenda is finalised and submitted to the Directors together with the respective submissions;

12.4.2.4 in the ordinary course, once finalised and submitted, the agenda may not be altered. However, the Board Chairperson may decide to permit the inclusion of additional items after the deadline if those items are urgent and cannot be dealt with at a later meeting or in another forum;

12.4.2.5 in the ordinary course, the Board Chairperson shall ensure that the agenda is strictly adhered to at the meeting.

12.4.3 In the ordinary course, the minutes of Board meetings must be completed within 10 days from the date of the meeting and circulated to the Board Chairperson and members of the Board for review thereof.

12.4.4 Where the Board holds an in-committee meeting and the Group Company Secretary or his/her designate are excused prior the meeting, members of the Board shall elect a member to record the minutes and/or decisions for record purposes. Such minutes and decisions shall be communicated to the Group Company Secretary through the Board Chairperson, within 10 days, and adopted at the next meeting for record purposes.

12.4.5 In the ordinary course, the minutes of Board meetings must be formally approved by the Board at its next scheduled meeting.

12.4.6 The Board must establish an Annual Work Plan (AWP) to ensure that all relevant matters are covered by the agendas of the meetings planned for the current financial year. The AWP must

ensure proper coverage of the matters outlined in the Charter. The number, timing and length of meetings, and the agendas, are to be determined in accordance with the AWP.

### 12.5 **Voting, written resolutions and electronic participation**

The Board may pass written resolutions, as contemplated in the MOI.

A resolution in writing approved and signed by the Directors in line with the MOI, after submission to all Directors, shall be as valid as a resolution passed at a meeting of the Board.

A meeting of the Board may be conducted by electronic communication, so long as the electronic communication facility employed enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

## 13. **CROSS-CUTTING MATTERS**

13.1 The Board shall consider the allocation of roles and responsibilities across Board Committees holistically, to achieve avoidance of duplication or fragmented functioning in so far as possible, and where more than one Board Committee has jurisdiction to deal with a similar matter, the specific role and positioning of each Board Committee in relation to such matter should be defined to ensure complementary rather than competing approaches.<sup>44</sup>

13.2 The Board shall develop a mechanism of ensuring that all cross-cutting matters (being matters in respect of which more than one Board Committee has roles and responsibilities) are dealt with at relevant Board Committees.

<b>CROSS-CUTTING</b>	<b>BOARD COMMITTEES AND RESPONSIBILITIES</b>
Ethics	<b>Audit:</b> a) To review complaints handling and anonymous reporting procedures b) To consider the Company's systems to monitor compliance with and enforcement of the Code of Ethics.
	<b>Remuneration, Social and Ethics:</b> a) To oversee the ethics management programme implemented by Management b) To review Tip-offs anonymous complaints and monitor actions taken on founded allegations
ICT Governance	<b>Audit:</b> To assist the Board in carrying out its ICT responsibilities through obtaining appropriate assurance that controls are in place and effective in addressing ICT and information risks
	<b>Risk:</b> a) To assure the development of policies and procedures for the monitoring ICT Governance, and consider ICT Governance frameworks for appropriateness and adequacy b) To monitor elements of the implementation of ICT and monitoring of risk c) To review technological risk, inclusive of ICT risks
	<b>Corporate Governance:</b> To review regulatory compliance to ICT Governance

<sup>44</sup> King IV, principle 8, recommendation 44

Monitoring of wasteful and irregular expenditure	<p><b>Audit:</b></p> <p>a) To review and assess the integrity and effectiveness of the accounting, financial, compliance and other control systems as it relates to PFMA compliance</p> <p>b) Advise the Board of potential risks in irregular and fruitless and wasteful expenditure emanating from procurement practices</p> <p><b>Finance and Investment:</b> To review quarterly capital expenditure reports, and monitor execution of approved projects</p>
Succession planning	<p><b>Corporate Governance:</b> Ensure that best practice succession planning policies are implemented in respect of Executive Directors and Non-Executive Director.</p> <p><b>Remuneration, Social and Ethics:</b> Approval of the succession planning policy and procedures for the executive committee of the Company.</p> <p><b>Remuneration, Social and Ethics:</b></p> <p>a) To oversee the ESG programme implemented by Management</p> <p><b>Risk:</b> To assure the development of ESG policies and procedures for the monitoring</p> <p>c) To assure the development of policies and procedures for the monitoring ICT Governance, and consider ICT Governance frameworks for appropriateness and adequacy</p> <p>d) <b>To monitor elements of the implementation of ICT and monitoring of risk</b> for appropriateness and adequacy and monitoring of ESG risks.</p> <p><b>Audit:</b></p> <p>a) To review and assess the integrity and effectiveness of the ESG financial, compliance, reporting and disclosure requirements.</p>

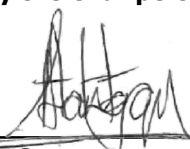
#### 14. APPROVAL AND STATUS OF THIS CHARTER

14.1 This Charter will be reviewed by the Board as and when required.

14.2 This Charter will be deemed to be accepted by, and be binding upon all existing and future Directors from the effective date of their appointment or election as Directors, without any further action being required.

**Approved by the Board on 29 November 2024**

**Signed by the Chairperson of the Board**

  
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**Mr Andile Sangqu**

09 December 2024

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**Date:**