



## BOARD OF DIRECTORS

### BOARD CHARTER

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#### 1. INTRODUCTION

The Board of Directors (“the Board”) of Tongaat Hulett Limited (“the Company”) acknowledges the need for a Board Charter as recommended in the King IV Report on Corporate Governance for South Africa 2016 (‘King IV’). The Board has adopted and subscribes to the principles of King IV and the recommended practices most relevant to the company. This Board Charter is also subject to the provisions of the South African Companies Act 71, 2008, the Company’s Memorandum of Incorporation (MOI), the JSE Listings Requirements, and any applicable law or regulatory provision.

#### 2. PURPOSE OF THE BOARD CHARTER

The purpose of this document is to set out the duties and responsibilities of the Board; its composition; the powers delegated to various Board Committees; policies and practices of the Board in respect of matters such as meeting procedures, declarations of interests, evaluation of directors and committees, induction, gender and race policies, amongst others. A summary of the contents of this Board charter should be disclosed in the annual report of the company.

#### 3. MISSION OF THE BOARD OF DIRECTORS

- 3.1 The mission of the Board of Directors is to ensure responsible, entrepreneurial business leadership within the industries and markets in which it operates in a manner which balances the interests of shareholders with the needs of all its stakeholders.
- 3.2 The Board has broad economic, social, ethical and safety responsibilities to its other stakeholders which include the present and potential beneficiaries of the company’s products and services, clients, lenders, employees as well the community and the environment, to achieve sustainable prosperity for the enterprise.
- 3.3 The Board is ultimately accountable and responsible to the shareholders for the performance and affairs of the company. The Board must, therefore, retain full and effective control over the company and contribute to and approve the company’s strategy. The Board is also responsible for ensuring that the company complies with all relevant laws, regulations and codes of business practice.

#### **4. SELECTION AND COMPOSITION OF THE BOARD**

- 4.1 To maintain a balance of power, the Board shall comprise a balance of executive and non-executive members, with a majority of the non-executive directors being independent. Independence is determined if the Board concludes that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed 3rd (third) party, is likely to influence unduly or cause bias in decision-making in the best interest of the Company. The Board shall always be suitably constituted to fulfil its role and responsibilities appropriately.
- 4.2 Directors are selected, appointed or removed by the Board. The Board shall also appoint the Chairman and the term of office of the Chairman is three years. Thereafter the Chairman is subject to the rotation guidelines set out in the MOI. A Lead Independent non-executive Director, Chief Executive Officer (CEO) and a Chief Financial Officer (CFO), and define their terms of reference and powers. The Nominations Committee assists the Board with the process of identifying suitable candidates to be proposed for appointment.
- 4.3 Directors appointed by the Board retire as directors at the first subsequent annual general meeting, where they are elected by shareholders, if eligible. At least a third of directors retire by rotation at each annual general meeting and eligible for re-election.
- 4.4 Non-executive directors are required to retire from office at the close of business of the annual general meeting next after attaining the age of seventy years unless at such a meeting the company shall by ordinary resolution resolve to retain the services of such a director upon such terms as specified in the resolution.
- 4.5 The Board recognises and embraces the benefits of having a sufficiently diverse Board. Race, gender, age and nationality, amongst others, underpinned by relevant skills, business, academic and geographic experience and background, enhance robust, balanced and effective discussions at Board meetings. The Board has adopted a Diversity policy in accordance with the JSE Listings Regulations.
- 4.9 Alternate directors nominated, if any, shall be approved by the Board.

#### **5. FIDUCIARY RESPONSIBILITIES**

The individual directors of the company, both executive and non-executive carry full fiduciary responsibilities in terms of the Companies' Act 2008.

#### **6. ROLE AND RESPONSIBILITIES OF THE BOARD**

- 6.1 Taking into account the powers conferred upon the Board by the Companies Act and the MOI, the Board shall do everything necessary to fulfil its role and responsibilities which are listed, amongst others, as follows:
- 6.2 Lead the company ethically and effectively by cultivating the characteristics of

- integrity, competence, fairness, transparency, accountability and responsibility and exhibit them in their conduct.;
- 6.3 Govern the ethics of the company in a way that supports the establishment of an ethical culture;
  - 6.4 Ensure that the company is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the company but also the impact that business operations have on the environment and society within which it operates;
  - 6.5 Appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process;
  - 6.6 Ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long term prospects;
  - 6.7 Serve as the focal point and custodian of corporate governance in the company by steering the organisation and setting its strategic direction, approving policy and planning that gives effect to that direction, overseeing and monitoring the implementation and execution by the management and ensure accountability for the organisation's performance through reporting and disclosures;
  - 6.8 Promote diversity in its membership including field of knowledge, skills and experience, age, culture, race and gender, including the setting of targets for race and gender representation.
  - 6.9 Comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively;
  - 6.10 Ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with the balance of power and the effective discharge of its duties;
  - 6.11 Ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness;
  - 6.12 Ensure that the appointment of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities;
  - 6.13 Govern risk in a way that supports the organisation in setting and achieving its strategic objectives;
  - 6.14 Govern technology and information in a way that supports the organisation setting and achieving its strategic objectives;

- 6.15 Govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being an ethical and a good corporate citizen;
- 6.16 Ensure that the organisation remunerates fairly, responsibly and transparently, to promote the achievements of strategic objectives and positive outcomes in the short, medium and long term;
- 6.17 Ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports;
- 6.18 In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.
- 6.19 In the execution of its duties and responsibilities, the board (or any individual member) is permitted to obtain independent, external professional advice at the cost of the organisation which they may require to make competent decisions. Such advice may only be sought after a written request by the member to the board and majority approving same.
- 6.20 In the execution of its duties and responsibilities, the board (or any individual member) shall have access to consult the company's senior staff regarding information about the operations of the company, records, documents and property, which they may require to make competent decisions. Such consultation may only be sought after a written request by the member to executive management; or a verbal request at the board meeting, which is decided by the Chair and is noted in the minutes.

## **7. DIRECTOR INDUCTION**

- 7.1 The company has established a formal induction programme for new directors.
- 7.2 Directors have a responsibility to acquaint themselves with their fiduciary duties, and responsibilities, as well as with the issues pertaining to the operations and business environment of the company so that they can fulfil their duties.
- 7.3 Further, briefings on relevant new laws and changing commercial risks are held periodically.
- 7.4 A formal induction programme takes place for new board members, containing relevant information about the organisation, as approved by the Nominations Committee.
- 7.5 Inexperienced Board members are developed through an informal mentorship programme, and a continuing professional development programme is

implemented, which ensures that the Board members receive regular briefings on changes in risks, laws and the business environment

- 7.6 The Board has a succession plan in place for the Board membership, the CEO and other executive members. This plan provides for the identification, mentorship and development of future candidates.

## **8. DIRECTOR INDEPENDENCE AND CONFLICTS OF INTEREST**

- 8.1 Directors are required to submit to the Company Secretary, for the attention of the Board, a declaration of all financial, economic and other interests held by the director and related parties at least annually, and whenever there are significant changes. The office of the Company shall maintain the regularly updated register.
- 8.2 At the beginning of each meeting of the Board or its committees as appropriate, directors are required to declare whether any of them has any conflict of interest in respect of a matter on the agenda. Any such conflicts should be proactively managed as determined by the Board, including the recusal of the affected director from discussions of the matter on the agenda;
- 8.3 Non-executive directors of the Board may be categorised as independent if it is concluded that 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 in the best interests of the organisation;
- 8.4 A non-executive member of the Board may continue to serve in an independent capacity for longer than nine years if the Board concludes after assessment, that the director continues to exercise objective judgment and there is no interest, position or association or relationship which when judged from the perspective of a reasonable third informed party, is likely to influence unduly or cause bias in decision-making
- 8.5 The Chairman may for good reason request executive directors to recuse themselves for any part of the Board meeting. This is especially so during deliberations relating to amongst others executive performance or remuneration.
- 8.6 The Company's Code of Business Conduct and Ethics is codified and disclosed in the annual report.

## **9 DELEGATION TO BOARD COMMITTEES AND EVALUATION**

- 9.1 The Board has delegated certain functions to well-structured and established committees without abdicating its own responsibilities. The committees are:
- 9.1.1 Audit and Compliance;
- 9.1.2 Remuneration and Human Resources;
- 9.1.3 Directors Affairs and Nomination;

- 9.1.4 Risk Management and Capital Investment;
- 9.1.5 Social and Ethics;
- 9.1.6 Legal and Regulatory; and
- 9.1.7 Strategy, Transformation & Operations.
- 9.2 Delegation is formal and includes:
  - 9.2.1 Formal terms of reference approved and reviewed annually for each committee by the Board;
  - 9.2.2 Appropriate constitution of the committees with due regard to the skills and expertise required by each committee;
  - 9.2.3 An established framework for the delegation of authority to executive management and senior management;
  - 9.2.4 The Board may also establish other committees and should determine the composition and function of those committees and delegate powers to such committees;
  - 9.2.5 A summary of the charters of all Board Committees shall be disclosed in the annual report, together with the composition of each committee.
- 9.3 Except as reserved for the shareholders in terms of the Companies' Act or the MOI, the Board has unfettered powers to govern the company. In addition, all material matters are reserved for decision by the Board in terms of its Authorities Framework.
- 9.4 It is further noted that other powers including the setting of policies and procedures may be delegated to the Board Committees, the CEO, the Chief Financial Officer (CFO), and Executive Committee, in accordance with an Authorities Framework. Where appropriate, financial limits and contract terms may be set as well as conditions for pre-approval or post-ratification.

## 10 EVALUATION OF DIRECTORS AND BOARD COMMITTEES

The Board will assume responsibility for the evaluation of its own performance and that of its committees, its chairman and individual members by determining how it should be approached and conducted. The evaluation must be performed at least every two years. The evaluation process is formal and involves the following:

- 10.1 The Board will assess, through a lead independent non-executive director who will lead the process, the performance of the chairman of the Board annually and provide feedback to the chairman;
- 10.2 The performance of the Board as a unit will be assessed at least every two years, with consideration given at relevant times to use the services of an independent external party to perform the assessment if so determined by the Board;

- 10.3 Non-executive directors classified as independent must undergo an annual evaluation of their independence by the chairman of the Board, this will include the assessment of independent non-executive directors serving longer than nine years, who will be assessed every year;
- 10.4 When considered necessary, the chairman of the Board shall meet with individual directors at least every two years to evaluate their individual performance on the Board;
- 10.5 The Remuneration Committee, sitting without executive directors and in consultation with the chairman, should conduct a formal evaluation of the CEO annually;
- 10.6 The evaluation should be based on objective criteria, including the performance of the business and the accomplishment of long-term strategic objectives. The Remuneration Committee should provide a report for deliberation to the full Board sitting without executive directors and may modify its findings based on such deliberations.
- 10.7 Based on the results of the performance assessment, the Board may identify necessary training and development needs for the Board, committees and individual Board members.

## **11. CHAIRMAN AND LEAD INDEPENDENT DIRECTOR**

- 11.1 The Chairman of the Board is appointed by members of the Board annually, in accordance with the MOI, and is a non-executive director of the Board with no executive or management responsibilities;
- 11.2 The Chairman provides overall leadership at Board level, without limiting the principle of collective responsibility for Board decisions, and the individual duties of each director. The Chairman is responsible for ensuring the integrity and effectiveness of the Board and its Committees. The Chairman is also chairman of meetings of shareholders.
- 11.3 The Chairman shall oversee the succession plan for the Board, the CEO and certain senior executives;
- 11.4 The Chairman shall maintain regular dialogue with the CEO in respect of all material matters affecting the company and consult members of the Board promptly as deemed appropriate;
- 11.5 The Chairman may not be a member of the Audit Committee, may be a member of the Remuneration Committee but not chair it, must be a member of the Nomination Committee and chair it, and may be a member of of any of the other Board committees.
- 11.6 The Board might appoint a lead independent non-executive director in instances where the Chairman has a conflict of interest; and should lead in the absence of the Chairman, serve as a sounding board for the Chairman, strengthen the independence of the Board if the Chairman is not an

independent non-executive member of the Board, perform other duties that the Board may from time to time determine, and lead the performance appraisal of the Chairman. The lead independent director shall serve in this capacity for if the circumstances that cause the Chairman's conflict or absence exist.

## **12. SUCCESSION AND EMERGENCY PLANNING**

The Nomination Committee, in consultation with the chairman and the Board, should determine a succession plan for the chairman. In addition, the Board should ensure, in consultation with the CEO that a succession plan for the CEO and for executive management is in place to provide continuity of executive leadership. Similarly, acting arrangements for when the CEO is away or indisposed should be pre-planned. Should the CEO be indisposed for an extended period or indefinitely, the chairman should consult with the Board on acting arrangements, before an acting CEO is appointed.

## **13. MEETING PROCEEDINGS**

The provisions of the MOI govern meetings and proceedings of the Board so far as they are applicable and are not superseded by the specific conditions elaborated in this document.

- 13.1 The Board must hold sufficient scheduled meetings to discharge all its responsibilities as set out in this charter but subject to a minimum of five meetings per year. The meetings must be in accordance with an established annual work plan and must ensure proper coverage of all relevant matters laid out in the charter. The chairman may call further meetings in consultation with the CEO.
- 13.2 A representative quorum for Board meetings is as provided in the MOI of the company.
- 13.3 The Board shall make decisions by a majority of votes.
- 13.4 Board members must attend all scheduled meetings of the Board, including meetings called on an ad hoc basis for special matters, unless prior apology with reasons has been submitted to the chairman or company secretary. A record should be kept of the attendance of directors at Board meetings.
- 13.5 The chairman, with the assistance of the company secretary, shall establish the agenda for each Board meeting and in doing so may consult with the CEO and other directors. The agenda for each meeting shall provide the opportunity for the chairmen of Board sub-committees to report orally on any matters of importance. The chairman should also place on the agenda any item that is proposed by a director at the meeting.
- 13.6 The CEO shall, with the assistance of the company secretary, ensure that information and data that is important to the Board's understanding of the business is distributed in writing before the Board meets. This material should be as brief as possible while still providing the essential information.



- 13.7 Minutes of all Board meetings shall record the proceedings and all decisions taken, the details of which shall remain confidential.
- 13.8 A decision that could be agreed upon or voted on at a Board meeting may instead be approved by the written consent of a majority of directors, given in person or by electronic communication, and shall be a valid decision of the Board, and noted at the next meeting of directors.

#### **14. COMPANY SECRETARIAL ROLE**

The Board is responsible for the selection and appointment of the company secretary who shall provide professional corporate governance services and detailed advice on legal and governance matters, board duties and responsibilities and governance support to the Board.

In addition, the Board should recognise the pivotal role to be played by the company secretary in the achievement of good corporate governance and empower this individual accordingly.

The company secretary shall attend all Board meetings.

#### **15. PUBLIC COMMUNICATIONS**

Management should normally deal with public communications on the affairs of the company. The Board may by exception decide to communicate directly, in which case only the chairman should make such communication.

An individual director, however, has a fiduciary responsibility to a wide range of stakeholders. Where such director is compromised by a serious matter of conscience and feels compelled to make a public communication, he or she should first discuss the matter with the chairman and on the chairman's advice, appropriate communication will be made.

#### **16. CODE OF BUSINESS CONDUCT AND ETHICS**

The Board should establish the values of the company in support of its mission, and establish principles and standards of ethical business practice in support of such values. These principles and standards should be communicated to affected stakeholders, including employees and suppliers, in codified form, and the Board should assume responsibility and accountability to stakeholders for compliance with these.

#### **17. BUSINESS RESCUE PROCEEDINGS**

The Board continuously monitors the solvency and liquidity of the company and shall obtain assurance from management about the solvency and liquidity of the company. Should the situation arise, 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.

#### **18. DISPUTE RESOLUTION**

The Board believes that internal and external disputes should be resolved as effectively and expeditiously as possible. To this end, consideration should be given to each material financial or reputational dispute whether settlement, arbitration, mediation, litigation or other forms of alternative dispute resolution methodology that would be most effective to resolve a dispute in the best interests of the Company.

#### **19. APPROVAL OF CHARTER**

This charter was approved by the Board and will be reviewed by the Board on an annual basis.



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Signature of Chairman 17/03/2021 16:01

Approved by the Board: 16 March 2021