

CHARTERED INSTITUTE FOR BUSINESS ACCOUNTANTS NPC

REGISTRATION NUMBER: 1990/005364/08

("CIBA")

BOARD CHARTER

Reference number	BoardCharter003
Accountable manager	Chairperson of the Board of Directors
Amendments	Minor grammatical corrections Replacement of references to SAIBA with CIBA
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DEFINITIONS

Unless the context indicates otherwise, the following words or terms of expression have the meanings subscribed to them as set out hereunder –

"**AGM**" means the annual general meeting of members of CIBA in terms of section 61(7) of the Companies Act;

"**Board**" means the Board of Directors of CIBA as constituted from time to time in accordance with the Companies Act and the Mol;

"**CEO**" means the Chief Executive Officer of CIBA from time to time;

"**CFO**" means the Chief Financial Officer of CIBA from time to time;

"**Chairperson**" means the Chairperson of Board from time to time;

"**Charter**" means this Board charter as amended or replaced by the Board from time to time;

"**Companies Act**" means the Companies Act, 71 of 2008 and any regulations published thereunder from time to time, all as amended from time to time;

"**Company Secretary**" means the Company Secretary of CIBA from time to time;

"**Directors**" means the Directors of CIBA from time to time;

"**King IV**" means the King IV Report on Corporate Governance for South Africa 2016, as amended or updated from time to time;

"**Limits of Authority Framework**" means the Limits of Authority Framework as reviewed, approved, amended or replaced by the Board from time to time;

"**Mol**" means the memorandum of incorporation of CIBA adopted in compliance with the Companies Act, as amended or replaced from time to time; and

"**Stakeholders**" means any group affected by, and affecting, CIBA's operations.

1. INTRODUCTION

1.1 The Board has adopted the Charter in pursuit of its commitment to achieve best practice standards of corporate governance based on acceptable standards, which includes commitment to compliance with the Companies Act and Mol, with due consideration of the requirements of King IV.

1.2 The Charter is accepted by, and binding on, all existing and future Directors from their acceptance of appointment in such capacity without any further action required.

2. PURPOSE OF THE CHARTER

The purpose of the Charter is to provide a concise overview of –

- 2.1 the roles, responsibilities, functions and powers of the Board, individual directors and the executives of CIBA;
- 2.2 the powers delegated to various Board committees of CIBA;
- 2.3 relevant principles of CIBA's Limits of Authority Framework and matters reserved for final decision-making or pre-approval by the Board; and
- 2.4 the policies and practices of the Board relating to matters such as corporate governance; declaration and conflict of interest; Board meeting documentation and procedures; composition of the Board; and the nomination, appointment, induction, training and evaluation of Directors.

3. APPOINTMENT AND COMPOSITION

- 3.1 In managing or directing the affairs of CIBA, the Board has authority to exercise all the powers and perform any of the functions of CIBA, except to the extent that the Companies Act or MoI provides otherwise.
- 3.2 Subject to the determination of candidates by the Social and Ethics, Remuneration and Nominations Committee, the Board will be comprised of no less than 5 (five) and no more than 11 (eleven) directors, to be elected and appointed as follows –
 - 3.2.1 Non-executive Directors (independent non-members)
Nominated, elected and appointed from nominations who are not required to be members of CIBA
 - 3.2.2 Non-Executive Directors (members – not independent)
Nominated, elected and appointed from nominations of members (in good standing) of at least 3 (three) years uninterrupted membership of CIBA.
 - 3.2.3 Executive Directors (*ex-officio*)
 - 3.2.3.1 one *ex officio* seat for the Chief Executive Officer, if any;
 - 3.2.3.2 one *ex officio* seat for the Chief Financial Officer, if any.

Subject to the Companies Act, the members of CIBA may from time to time increase or decrease such minimum number of directors.

- 3.3 In the event of a vacancy arising on the Board, the Directors may elect additional persons to the Board in terms of clause 22.1 of the MoI to fill such vacancy and serve as a Director on a temporary basis

until such appointment is confirmed at the following meeting of members.

- 3.4 Executive directors cease to be directors when they cease to be full-time employees of CIBA for any reason.
- 3.5 The Directors elect the Chairperson annually at the first Board meeting following CIBA's AGM.
- 3.6 The roles of the Chairperson and the CEO are separate, and the Chairperson is an independent non-executive Director.
- 3.7 The Board is unitary in nature, balanced between executive and non-executive Directors, with majority of independent non-executive Directors.
- 3.8 The Board may remove any Director from the Board subject to the procedure prescribed in terms of section 71 of the Companies Act.
- 3.9 The composition of the Board, (including its size, balance of knowledge, skills, experience, diversity, demographics and independence), its continuity, rotation and appointments of additional and replacement Directors, including the appointment of the CEO, is considered by the Social and Ethics, Remuneration and Nominations Committee, which will make appropriate recommendations and nominations to the Board.
- 3.10 Directors are appointed for their business acumen and skills pertinent to the business of CIBA to ensure that the Board can discharge its duties and responsibilities effectively.
- 3.11 The Board ensures that there is an appropriate balance of power and authority on the Board, such that no single individual or group of individuals can dominate the Board.

4. INELIGIBILITY AND DISQUALIFICATION OF MEMBERS

A person is ineligible or disqualified to become a member of the Board if such a person is ineligible or disqualified in terms of section 69 of the Companies Act and who does not comply with the minimum qualification requirements as may be prescribed for directors from time to time.

5. ROLE AND RESPONSIBILITIES OF THE BOARD

The role and responsibilities of the Board are to –

- 5.1 act as the focal point for, and custodian of, corporate governance by –
 - 5.1.1 steering CIBA and setting its strategic direction;
 - 5.1.2 approving policy and planning to give effect to CIBA's direction;
 - 5.1.3 overseeing and monitoring the implementation and execution by management;

- 5.1.4 ensuring accountability for organisational performance by means of (but not exclusively) reporting and disclosure; and
- 5.1.5 managing its relationship with management, members and other stakeholders of CIBA along sound corporate governance principles;
- 5.2 appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by –
 - 5.2.1 contributing to, and approving, the strategy;
 - 5.2.2 satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
 - 5.2.3 identifying key performance and risk areas;
 - 5.2.4 ensuring that the strategy will result in sustainable outcomes; and
 - 5.2.5 considering sustainability as a business opportunity that guides strategy formulation;
- 5.3 provide effective leadership on an ethical foundation;
- 5.4 ensure that CIBA is a responsible corporate citizen by setting the direction for how it should be approached and addressed by CIBA;
- 5.5 the Board members are to exhibit characteristics of integrity, competence, responsibility, accountability, fairness and transparency;
- 5.6 the Board should approve the protocol to be followed if the Board or any of its members or committees require an independent professional's advice at the cost of CIBA for matters which fall within the scope of their duties;
- 5.7 ensure that CIBA's ethics are managed effectively;
- 5.8 the Board must approve the protocol to be followed in by its non-executive Directors for requesting documents from, and setting up meetings with, executive management;
- 5.9 ensure that CIBA has an effective and independent audit committee;
- 5.10 be responsible for the governance of risk;
- 5.11 be responsible for information technology (IT) governance;
- 5.12 monitor CIBA's compliance with applicable laws and non-binding rules and standards as applicable to CIBA;
- 5.13 ensure the integrity of CIBA's integrated annual report;

- 5.14 act in the best interests of CIBA by ensuring that individual directors –
 - 5.14.1 adhere to legal standards of conduct;
 - 5.14.2 are permitted to take independent advice relating to their duties subject to prior consultation with the Chairperson or in other appropriate circumstances, the Company Secretary;
 - 5.14.3 disclose real or perceived conflicts to the Board and deal with them accordingly;
- 5.15 appoint a CEO to lead the implementation and execution of approved strategy; policy and operational planning and who acts as the link between management and the Board;
- 5.16 evaluate the performance of the CEO;
- 5.17 approve the nomination of candidates for the Board set out by the Social and Ethics, Remuneration and Nominations Committee; and
- 5.18 approve the appointment and should have primary responsibility to remove the Company Secretary or any other professional providing corporate governance services to CIBA.

6. THE CHAIRPERSON

- 6.1 The Chairperson should be an independent non-executive director of the Board, elected by the Board members annually but may be removed from office at any time by majority of the Board. Where the Chairperson is not independent, an independent non-executive member of the Board must lead the evaluation of the Chairperson and acts as chairperson when required.
- 6.2 The CEO of CIBA may not be the Chairperson and a retired CEO may not be elected as Chairperson until 3 (three) years have passed since his/her tenure ended.
- 6.3 The responsibilities of the Chairperson are to –
 - 6.3.1 exercise his/her duty and function with an independent and objective mind when making decisions;
 - 6.3.2 lead the Board towards ensuring its objectives, strategies and values are obtained;
 - 6.3.3 attending meetings and providing insight on certain matters which fall within his/her expertise;
 - 6.3.4 sign minutes of meetings held by the Board; and
 - 6.3.5 preside over Directors and member meetings and exercising such powers as are conferred upon the Chairperson in the Mol and the Companies Act.
- 6.4 The ability of the Chairperson to perform his/her duties efficiently will depend on the number of professional positions the Chairperson holds outside of CIBA, as well as the nature and complexity of CIBA.

7. BOARD COMMITTEES

7.1 The Board is authorised to delegate certain of its duties to its committees to assist with the effective execution of its duties. Such delegation should ensure effective collaboration, complementary rather than competing approaches and a balance of power.

7.2 Delegating authority to Board committees does not discharge the Board of its duties and responsibilities. The Board will need to apply its mind to the information presented to it by the Board committees.

7.3 There will be transparency and full disclosure by the Board committees to the Board, except where the Board has mandated the Board committee otherwise.

7.4 The committees to which the Board delegates responsibilities will depend on what is appropriate for CIBA.

7.5 Delegation is formal and involves the following –

7.5.1 formal terms of reference are established, reviewed and approved annually for each committee of the Board;

7.5.2 the committees are appropriately constituted with due regard to the skills required by each committee and subject to the necessary legal requirements and the MoI;

7.5.3 a balance in power is achieved in respect of membership to avoid an individual from having the ability to dominate the decision-making or is not placed under a position of undue reliance;

7.5.4 the Board establishes a framework for the delegation of authority to management; and

7.5.5 the Board must ensure that its delegation to management results in effective compliance and implementation management.

7.6 The following are the duly constituted committees of the Board, as per their respective terms of reference –

7.6.1 Audit and Risk Committee; and 7.6.2 Social and Ethics, Remuneration and Nominations Committee.

8. THE COMPANY SECRETARY

8.1 The Board is assisted by a competent, suitably qualified and experienced Company Secretary, appointed by the Board, who is empowered to properly fulfil his/her duties as, *inter alia*, set out in section 88 of the Companies Act. The Company Secretary is a permanent resident of the Republic of South Africa and will remain so while serving in that capacity. The Company Secretary can delegate

his/her duties, but any such delegation will not divest the Company Secretary of responsibility for the exercise or any power or performance of any duty.

- 8.2 The Company Secretary, or his/her nominee, acts as the secretary of the Board.
- 8.3 The core role of the Company Secretary is to –
 - 8.3.1 guide the Board, collectively, and each Director, individually, as to their duties and responsibilities and make them aware of all legislation and regulations relevant to CIBA;
 - 8.3.2 ensure that the procedures for the appointment of Directors is properly carried out and tasked to assist in the proper induction and orientation of Directors, including assessing the specific training needs of Directors and executive management relating to their fiduciary and other responsibilities;
 - 8.3.3 ensure compliance with all relevant statutory and regulatory requirements, having due regard for the specific business interests of CIBA;
 - 8.3.4 compile and circulate Board meeting packs;
 - 8.3.5 elicit responses, input and feedback for Board and Board committee meetings;
 - 8.3.6 assist in drafting annual work plans;
 - 8.3.7 ensure preparation and circulation of minutes of Board and Board committee meetings;
 - 8.3.8 assist with the evaluation of the Board and Board committees and individual directors; and
 - 8.3.9 raise matters that may warrant the attention of the Board.
- 8.4 The Company Secretary, in consultation with the Chairperson, the CEO and the CFO, as required, prepares an annual work plan for the Board to ensure that all matters to be considered by the Board are addressed at the Board meetings for the year, and a detailed agenda for each meeting in accordance with the annual work plan.
- 8.5 The agenda, together with sufficient and relevant supporting documents, is circulated to the Directors at least 7 (seven) business days prior to each Board meeting to ensure proper preparation and to support quality decision making.
- 8.6 The Company Secretary, or his/her nominee, takes written minutes of all meetings of the Board, circulates them to the Board members as soon as reasonably possible for correctness and ensure that the Chairperson signs the minutes as a correct reflection of the proceedings at the meetings.
- 8.7 The Company Secretary maintains a minute book and a register of all resolutions of the Board, whether taken at a meeting or by means of round robin resolutions.

8.8 The Company Secretary maintains a register of conflicts of interest and declarations of Directors. The Directors annually or whenever there are significant changes or at the beginning of each Board and Board committee meeting, provide their declarations of all personal interests held to CIBA.

8.9 The Company Secretary sets dates of meetings in advance to aim for full attendance.

9. MEETING PROCEDURES

9.1 Frequency

9.1.1 The Board meets at least 3 (three) times a year. Further meetings may be called by the Chairperson, or other Board members, and are governed by the provisions of the Mol relating to meeting procedures.

9.2 Quorum and attendance

9.2.1 A quorum for a meeting of the Board is a majority of the Directors in office present personally or by way of electronic communication. No business will be transacted at a meeting of the Board, unless the requisite quorum is present.

9.2.2 Board members must attend all scheduled meetings of the Board, whether in person or via electronic communication, including meetings called on an *ad hoc* basis for special matters, unless prior apology, with reasons, had been submitted to the Chairperson or the Company Secretary.

9.2.3 Board members must prepare thoroughly and then use their best endeavours to attend Board meetings. Board members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table.

9.2.4 If notice is given to all Board members, a decision that could be voted on at a meeting of the Board may instead be submitted to each Director for consideration and adopted by written consent of a majority of the Board, given in person or by electronic communication.

10. PERFORMANCE EVALUATION: BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS AND MEMBERS OF COMMITTEES

10.1 A formal evaluation of the Board, its committees and individual Directors, including the Chairperson, must be performed, either externally facilitated or in accordance with methodology approved by the Social and Ethics, Remuneration and Nominations Committee, at least every 2 (two) years. Every alternate year, opportunity is provided for reflection and discussion by the Board of its performance and that of its committees, Chairperson and its members.

10.2 The Social and Ethics, Remuneration and Nominations Committee is responsible to review the

effectiveness of the Board and Board committees and its individual members. For this purpose, the Social and Ethics, Remuneration and Nominations Committee will adopt an appropriate methodology to perform the performance evaluations.

11. BOARD GOVERNANCE

- 11.1 The Board discharges its functions jointly and no individual Director has the authority to execute any act on behalf of CIBA or the Board unless so authorised by the Board.
- 11.2 The Board members are entitled to have access to all relevant CIBA information and to executive management to assist them in the discharge of their duties and responsibilities to enable them to take informed decisions.
- 11.3 The Board members are required to maintain and protect the confidentiality of information relating to CIBA and its business.
- 11.4 The Board should receive periodic independent assurance on the effectiveness of its compliance management and must approve a policy which gives effect to its compliance with non-binding rules, codes and standards which have been adopted by CIBA.

12. DISCLOSURE AND CONFLICTS OF INTEREST

- 12.1 Each member must make an annual declaration of his/her directorships of other companies and any personal financial interests thereof and must update such declarations quarterly or as and when such changes occur.
- 12.2 If a Board member has a personal financial interest in respect of a matter to be considered at a meeting of the Board, or knows that a related person has a personal financial interest in the matter, the Director –
 - 12.2.1 must disclose the interest and its general nature before the matter is considered at the meeting;
 - 12.2.2 must disclose to the meeting any material information relating to the matter, and known to the Director;
 - 12.2.3 may disclose any observations or pertinent insights relating to the matter if requested to do so by the other Directors;
 - 12.2.4 if present at the meeting, must leave the meeting immediately after making any disclosure required;
 - 12.2.5 must not take part in the consideration of the matter except to the extent contemplated in 12.2.2 and 12.2.3 above;
 - 12.2.6 while absent from the meeting, is to be regarded as being present at the meeting to determine

whether sufficient Directors are present to constitute a quorum for the meeting;

12.2.7 is not to be regarded as being present at the meeting to determine whether a resolution has sufficient support to be adopted; and

12.2.8 must not execute any document on behalf of CIBA relating to the matter unless specifically requested or directed to do so by the Board.

12.3 If a Board member acquires a personal financial interest in an agreement or other matter in which CIBA has a material interest, after agreement or other matter has been approved by CIBA, the Board member concerned must promptly disclose to the Board the nature and extent of that interest and the material circumstances relating to the Board member's acquisition of that interest.

13. GENERAL

13.1 An induction programme will be followed to familiarise newly appointed Directors with CIBA's operations, senior management, its business environment and the sustainability issues relevant to its business.

13.2 The following will be done on an annual basis –

13.2.1 review the Charter to ensure optimal effectiveness; and

13.2.2 review and approve the annual work plan.

14. MEMORANDUM OF INCORPORATION

This Charter is not intended to replace or amend the Mol in any way whatsoever. In the event of a conflict between the Mol and the Charter, the provisions of the Mol will prevail. The 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 the Charter should consult the Company Secretary in this regard.

Name

Signature

Position

Date