



**BOARD OF DIRECTORS  
CHARTER**



## 1. INTRODUCTION

The board of directors (hereafter referred to as “the board”) of Wilson Bayly Holmes-Ovcon Limited (hereafter referred to as “the company”) acknowledges the need for a board charter, as recommended in the Code of Governance Principles for South Africa 2009 (“King III”), and is subject to the provisions of the Companies Act No. 71 of 2008, the Memorandum of Incorporation (MOI) of the company, and any other applicable law or regulatory provision.

## 2. ROLE AND PUPOSE OF THIS CHARTER

The purpose of this charter is to set out the role and responsibilities of the board, together with the requirements for its composition and meeting procedures.

## 3. COMPOSITION

- The board of directors is to comprise of at least three (3) directors [S66 (2)(b)];
- A majority of the directors shall be independent (as assessed by the board);
- The board will include a Chairperson and a Chief Executive Officer (CEO), and these roles will be separate;
- Where the Chairperson is an executive director, the board will appoint a Lead independent non-executive director to facilitate the resolution of difficulties or conflicts between executive and non-executive directors, and to assist the Chairperson in fulfilling their designated tasks, as required (King III);
- The board will include an appropriate balance of skills. Where directors require training, this will be provided by the company at the cost of the company. No single director will be allowed to dominate the board and the majority of directors will be independent and non-executive;
- The Chairperson of the Audit committee, also serving as a non-executive director on the board, must remain truly independent and should not own shares of the company (King III);
- There will be no conflict of interest between board members or between board members and the company;
- There must be a sufficient number of directors, with the appropriate skills, to ensure that the board is able to carry out its duties;
- Board members will be formally appointed for a period of three (3) years and a third of the board will be available for re-election on a rotational basis at the AGM of the company, in terms of the Articles of Association of the company;
- The age limit for non-executive directors is 70 years;
- The age limit for executive directors is 60 years; however, their conditions of employment can be extended depending on the continued value derived from the particular executive director;
- A minimum of two (2) executive directors should form part of the board, namely, the CEO and the Chief Financial Officer (CFO) (King III and JSE Listing Requirements);
- The board must review the independence of an independent non-executive director who serves more than nine (9) years (King III);
- The standards for determining the independence of a director will include the stipulations of the JSE Listing Requirements and are set out in Attachment “A” ; and
- Directors are required to disclose to the board any and all relevant information that may affect their independence. Loss or gain of independence of a director shall be disclosed to the market immediately.

## 3.1 Specific roles

### 3.1.1 Role of the Chairperson:

- Manage the board and provide effective leadership in formulating strategic direction.
- Foster a constructive governance culture and apply appropriate governance principles among directors and senior management.
- Ensure the board is well informed, and effective, and that the members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the board and the company.
- Ensure there are processes and procedures in place to evaluate the performance of the board. The Chairperson should meet with individual directors once a year to discuss their performance.
- Ensure effective communication with shareholders.
- Ensure that a formal programme of continuing professional education is adopted at board level (King III).
- Act as a mentor or counsel to the CEO and other directors to enhance their confidence.
- Act as the link between the board and the CEO on a day-to-day basis.

### 3.1.2 Role of the CEO:

- Monitor and report company performance and conformance with strategic imperatives to the board.
- Organise the structure of the company to achieve its strategic plans.
- “Set the tone from the top” by providing ethical leadership and creating an ethical environment.
- Ensure that the company complies with all relevant legislative laws and regulations.

### 3.1.3 Role of the Company Secretary:

- Be secretary to the board.
- Ensure that the directors are aware of the requirements of a listed entity and update the directors on any changes in statutory matters.
- Minute all meetings held by the board and its sub-committees.
- Co-ordinate all necessary training for members of the board.
- Maintain a register of interests of the board of directors.

## 4. RESPONSIBILITIES

### The board is responsible for:

- Approving the strategic direction of the company and the budgets necessary for the implementation thereof;
- Being the guardian of the values and ethics of the company;
- Appointing and removing the CEO (in accordance with the terms of the MOI of the company) (King III);
- Electing the Chairperson, which shall be further ratified and confirmed by the shareholders at the Annual General Meeting (AGM) of the company (King III);
- Retaining full and effective control of the company;
- Monitoring the implementation of the “corporate vision” and ensuring that there is compliance with both “the letter” and “the spirit” of the law at all times;
- Communicating with shareholders openly and timeously throughout the year;

## 4.1 Delegation

The board may delegate certain functions to well-structured committees, without abdicating its own responsibilities. Delegation is formal and involves:

### Committees

- The two standing committees are the Audit and risk committee and the Remuneration committee;
- From time to time, the board may also establish ad hoc or special purpose committees to examine, or have the delegated authority to deal with, specific issues on behalf of the board.
- The Remuneration committee will give consideration to the composition of the board, retirements, nominations and appointments of additional and replacement directors, and make appropriate recommendations to the board;
- Monitoring and reporting performance and conformance with strategic imperatives to the board;
- Organising the structure of the company to achieve the strategic plans;
- “Setting the tone from the top” by providing ethical leadership and creating an ethical environment;

As a rule, the board will not delegate the following responsibilities:

### Financial:

- Adoption of any significant change or departure in the accounting policies and practices of the company;
- Approval of the strategy, business plans and annual budgets of the company (and of any subsequent material changes in strategic direction or material deviations in business plans);
- Approval of annual financial statements, interim reports, the valuation, the declaration of dividends and the forfeiture of unclaimed dividends; and
- 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).

### Statutory and administrative:

- Recommending amendments to the MOI of the company;
- Appointment, removal or replacement of the external auditor of the company;
- Frequency of meetings of the board;
- Convening of general meetings of shareholders of the company;
- Prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business;
- Approval of the rules and amendments to pension and provident funds having a material effect on the actuarial liabilities of those funds;
- Appointment and removal of the Company Secretary;
- Variation of the rights attaching to shares where such powers are vested in the directors; and
- Formulation and amendment of the code of conduct of the company.

### Regulatory:

- Approval of the terms and conditions of the rights issues of the company, public offers, capital issues or issues of convertible securities, including shares or convertible securities issued for acquisitions;
- Approval of, and authority to issue, prospectuses, listing particulars, rights offers or take over or merger documents;
- Recommending to shareholders that they approve any ordinary or special resolutions in respect of the company;

- Recommending that the shareholders take a particular course of action proposed by the company; and
- Any decision to list the shares of the company on any stock exchange, or the termination of any such listing.

#### Human resources:

- Appointments to, and removals from, the board, including the appointment of the Chairperson, any deputy Chairperson, the CEO, executive directors and non-executive directors, and the approval of nomination of the alternate directors (if any) as recommended by the Nomination committee;
- Appointment of, terms of reference, and changes in the composition of the Executive, Audit, Remuneration, Nomination committees and such other committees as the board may appoint from time to time;
- Any increase of directors' fees, as recommended by the Remuneration committee; and
- Approval of any share or other 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, if applicable.

#### Delegation

## 5. MEETING PROCEDURES

Board meetings may also be conducted by electronic communication, provided all persons participating in the meeting are able to communicate concurrently with each other and to participate effectively in the meeting [S61 (10) and S63 (2)].

#### Frequency:

The board will meet at least four (4) times per year. Additional meetings will be held as and when necessary.

#### Attendance:

Board members must attend all scheduled meetings, including meetings called on an ad hoc basis for special matters.

#### Agenda and minutes:

- The board should establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- A detailed agenda, together with supporting documentation, will, where appropriate, be circulated at least one week prior to the meeting to the members of the board.
- The Company Secretary, in conjunction with the CEO and Chairperson, will establish the agenda for each board meeting. Standing items will include: financial reports; disclosure compliance; and notification of directors' relevant interests. Each director is free to raise subjects that are not on the agenda for that meeting.
- Comprehensive minutes of the meetings will be kept.
- The Company Secretary will assist the directors in ensuring that they comply with the law and good corporate governance at all times.

#### Quorum:

A representative quorum for the meeting is as provided for in the MOI of the company. Individuals in attendance by invitation may participate in discussions, but do not form part of the committee.

## **6. EVALUATION**

Evaluation of the board, its committees and individual directors, including the Chairperson, must be performed every year.

Directors standing for re-election on a three (3) year cycle will have their performance evaluated by their fellow directors and senior management in a process co-ordinated by the Chairperson. Individual feedback will be given to each director as their evaluation is completed.