



## BOARD TERMS OF REFERENCE

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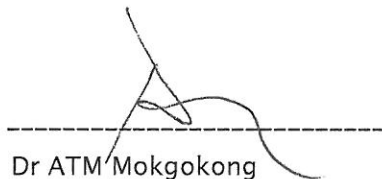
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## 1 BACKGROUND

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AfroCentric Investment Corporation Limited ("ACT" or "AfroCentric") is committed to upholding good Corporate Governance in all of its business dealings in respect of its shareholders and other relevant stakeholders.

All Board members of AfroCentric are required to act in a professional manner, thereby upholding the core values of integrity towards the enterprise and with due regard of their fiduciary duties and responsibilities.

This Board Terms of Reference shall constitute and form an integral part of the Board members' appointment letter to the Board of AfroCentric Investment Corporation Limited and to the Boards of its subsidiary companies.

## 2 PURPOSE AND ROLE

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The purpose of this Board Terms of Reference is to regulate how business is to be conducted by the Board in accordance with the principles of good Corporate Governance. The Board Terms of Reference sets out the specific responsibilities to be discharged by the Board members collectively and the individual roles expected of them.

This Terms of Reference are intended to provide an overview of the key roles, powers and responsibilities of the Board of Directors and forms part of the governance practices which are required under the King IV Code of Corporate Practices and Conduct, the Companies Act No 71 of 2008, as amended ("the Companies Act") and by the Johannesburg Securities Exchange Limited ("JSE").

The Terms of Reference does not override any of the director's powers and responsibilities as set out in the company's Memorandum of Incorporation ("MOI") and in other requirements determined by law.

To ensure that the Group directors and senior executives are correctly appointed and fairly rewarded for their individual contributions to the Group's overall performance and to demonstrate to all stakeholders' objectivity practiced in determining the remuneration in the interest of the shareholders and to the strategic and financial health of the Group.

### 3 AUTHORITY OF THE BOARD

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The Board of director's is elected by the shareholders. It is the ultimate decision making body of Afrocentric, except in respect of matters required to have a shareholders vote under the MOI and the Companies Act. The business and affairs of AfroCentric shall be under the direction of the Board, which will receive regular information regarding the issues and concerns of the shareholders.

The Board in addition to the Terms of Reference document shall refer to the approved DoA (Delegation of Authority) policy when referencing the authority levels and procedures to be followed. This shall serve as a guide during the required process.

### 4 BOARD LEADERSHIP

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- 4.1 There should be a clear division of responsibilities at the head of the Company to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.
- 4.2 The Board should provide leadership and vision to the Company in a way that will enhance Shareholder value and ensure the Company's long-term organisational health.
- 4.3 The Board should uphold the image of the Company in a positive way where it is seen as a responsible corporate citizen.

### 5 CHAIRMAN

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- 5.1 The Board will appoint from among their non-executive members, a Chairman who will preside at meetings.
- 5.2 The Chairman is responsible for representing the Board to the shareholders, stakeholders and indirectly to the general public with a view to well position the Company's image.
- 5.3 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board.
- 5.4 The Chairman is responsible for maintaining regular dialogue with the Chief Executive Officer ("CEO") on operational matters. In addition, the Chairman will make himself /herself available to the CEO to provide counsel and advice where appropriate and will

consult with the remainder of the Board promptly over any matter that gives him cause for major concern.

- 5.5 The Chairman will act as facilitator at meetings of the Board to ensure that appropriate discussion takes place and that no member, whether executive or non-executive, dominates discussion, and that relevant opinion among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.
- 5.6 The Chairman plays a crucial role in ensuring that the Board is properly led. The Chairman is responsible, primarily, for the working of the Board and for ensuring that all relevant issues are on the agenda and that all available information on an issue is placed before the Board.
- 5.7 The Chairman is responsible for ensuring that decisions are taken where required, consensus is reached and a resolution is formerly passed.
- 5.8 The Chairman should support the Company and its initiatives. This may be done through various representations in official events.

## **6 THE CHIEF EXECUTIVE OFFICER (CEO)**

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- 6.1 The Board executes the Company's governance and management functions through the CEO.
- 6.2 The task of the CEO is to lead the business and to implement the policies and strategies adopted by the Board.
- 6.3 All Board authority conferred on management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the Board is concerned. The Board must agree to the levels of sub-delegation immediately below the CEO.
- 6.4 The Board will agree with the CEO the specific results to be achieved that are directed towards the Company goals. This will usually take the form of an annual performance contract under which the CEO is authorised to make any decision and take any action within management limitations, directed at achieving the Company goals.

- 6.5 Decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual members, officers or Committees are not binding except in those instances where the Board gives specific authorisation.
- 6.6 The CEO is accountable to the Board for the achievement of the Company goals and the CEO is accountable for the observance of the management limitations.
- 6.7 At each of the Board meetings, the Board should expect to receive from or through the CEO:
- 6.7.1 The operational and other reports;
- 6.7.2 Such assurances as the Board considers necessary to confirm that the management limitations and agreed authorities are being observed.
- 6.8 The CEO is expected to act within all specific authorities delegated to him by the Board.
- 6.9 The CEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
- 6.10 In allocating the capital and resource of the Company, the CEO is expected to adhere to the Company goals.
- 6.11 The CEO is expected not to cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.
- 6.12 In financing the Company, the CEO is expected not to cause or permit any action that is likely to result in the Company becoming financially embarrassed.
- 6.13 The assets of the Company are expected to be adequately maintained and protected and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors. One of the tools used as a framework, is an asset management plan for both on and off balance sheet assets. In managing the risks of the Company, the CEO is expected not to cause or permit anyone to substitute their own risk preferences for those of the shareholders as a whole.

- 6.14 The CEO is expected not to permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, prejudicial, racial or gender discrimination, unfair or unsafe.
- 6.15 The CEO is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the business and are proportional to the extent that the contribution in question has furthered such purposes.

## **7 BALANCE OF POWERS**

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- 7.1 The Board should allow every Board member to play a full and constructive role in its affairs.
- 7.2 A Board member should be prepared to express disagreement with colleagues on the Board including the Chairman and the CEO. In addition a Board member should be sufficiently prepared to make a decision about the affairs of the Company and encouraged to contribute to the agenda to ensure that matters that are of importance or concern that may not be included on the agenda are highlighted.

## **8 COMPOSITION OF THE BOARD**

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- 8.1 The Company has a unitary Board structure comprising of executive and non-executive directors.
- 8.2 There must be an appropriate balance between executive, non-executive and independent non-executive directors with the view to create objective decisions and internal processes.
- 8.3 An executive director is an individual who:
- 8.3.1 is involved in the day-to-day management of the Company; and/or;
  - 8.3.2 is a full-time salaried employee of the Company or its subsidiaries.
- 8.4 A non-executive director is an individual who :
- 8.4.1 is not involved in the day-to-day management of the Company; and/or;
  - 8.4.2 is not a full-time salaried employee of the Company or its subsidiaries.



- 8.5 An independent non-executive director is an individual who:
- 8.5.1 is not a representative of a shareholder who has the ability to control or significantly influence management;
  - 8.5.2 has not been employed by the Company or the group of which it currently forms part, in any executive capacity for the preceding three financial years;
  - 8.5.3 is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Company or the group in an executive capacity;
  - 8.5.4 is not a professional advisor to the Company or the group, other than in a director capacity;
  - 8.5.5 is not a significant supplier to or customer of the Company or group;
  - 8.5.6 has no significant contractual relationship with the Company or the group;
  - 8.5.7 is free from any business or other relationship, which could be seen to materially interfere with the individual's capacity to act in an independent manner and exercise objective judgment.
- 8.6 There must be an appropriate division of duties and responsibilities on the Board, identifying key roles and performance standards for Board members and ensuring that Board members clearly understand these functions.
- 8.7 The Board will at all times consist of a minority of non-executive directors, three of which shall be Independent.
- 8.8 Members of management can be Board members. However, management should understand that Board membership is not necessary or a prerequisite for any higher management position in the Company. Where management is appointed to the Board, care must be taken to separate their managerial responsibilities from those as directors of the Company.
- 8.9 Qualifications for membership should include the following attributes:
- 8.9.1 a basic knowledge and understanding of the conduct of the business and of the laws and customs that govern its activities;
  - 8.9.2 knowledge of the responsibilities of a director;
  - 8.9.3 the ability to make sensible and informed business decisions and recommendations;
  - 8.9.4 an entrepreneurial talent for contributing to the creation of shareholder value;
  - 8.9.5 the ability to ask hard questions;

- 8.9.6 high ethical standards and integrity in personal and business dealings;
  - 8.9.7 sound practical sense;
  - 8.9.8 the ability to see the wider picture and perspective;
  - 8.9.9 total commitment to furthering the interest of the shareholders and to achieving the Company's goals;
  - 8.9.10 members are expected to keep themselves abreast of changes and trends in the business and in the Company's environment and markets;
  - 8.9.11 members shall keep abreast of changes and trends in the economic, political, social and legal climate generally.
- 8.10 Key competencies required for non-executive directors should be:
- 8.10.1 An ability to add value;
  - 8.10.2 An ability to communicate;
  - 8.10.3 An ability to demonstrate a wide and unfettered perspective on issues;
  - 8.10.4 Organisational and strategic awareness;
  - 8.10.5 Financial literacy;
  - 8.10.6 An ability to constructively collaborate as part of a team towards the successful performance of the Company.
- 8.11 The Board must be large enough to ensure a wide range and balance of skills and professional and industry knowledge, views and experience, to meet the Company's strategic objectives. The size of the Board should however be such that the common purpose, involvement, participation, harmony and sense of responsibility of the Board members are not jeopardised.

## **9 PERIOD OF OFFICE**

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The Memorandum of Incorporation will determine period in office:

- 9.1 First time Board members will only hold office until the next annual general meeting at which they will retire and become available for re-election.
- 9.2 Only executive directors will be engaged on service/employment contracts.
- 9.3 Termination of service/employment contract will result in the resignation from the Board.
- 9.4 Executive Directors may not accept any other board appointment other than those within the business. All external board appointments for executive directors must first

be discussed with and sanctioned by the Board Chairman through the Nomination Committee.

- 9.5 Retirement - the suggested retirement age for an executive director is 63 years of age in line with the Company's internal policy and in line with the retirement fund regulation however should the position be regarded as critical, the Board has the authority to revise this. The affected director may not participate in the retirement fund after the age of 63 however the term of office (extension of service) may be provided by, with the authority of the Board.

## 10 INDUCTION OF NEW DIRECTORS

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- 10.1 New Board members with no or limited Board experience should receive development and education to inform them of their duties, including fiduciary responsibilities, powers and potential liabilities.
- 10.2 On their first appointment, non-executive members will have the benefit of an induction programme aimed at deepening their understanding of the Company and the environment and markets in which the Company operates.
- 10.3 As part of the programme, the members will receive a folder / Board pack as well as copies of previous minutes of Board meetings and company information and will meet key members of management.
- 10.4 A checklist can be utilised as part of the induction program:
- 10.4.1 Knowledge of the Company (ownership power, Board structure, membership and processes);
  - 10.4.2 Knowledge of the business (business processes, corporate strategies, organization, management and people);
  - 10.4.3 Knowledge of the financials (annual accounts, directors' reports, trends of the key financial ratios and financial performance of the business); and
  - 10.4.4 Expectations on appointment (discussions with Chairman as regards the role, why nominated; potential contributions; particular knowledge; etc.).

## 11 SUCCESSION PLANNING

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### 11.1 BOARD

- 11.1.1 The Board itself should be responsible for selecting its own members and for recommending them for election by the shareholders.
- 11.1.2 The assessment of the Board should include issues of judgment, diversity, age, and skills all in the context of the perceived needs of the Board at that point of time.
- 11.1.3 Board continuity, subject to performance and eligibility for re-election, is imperative. The Board should establish a programme to ensure a staggered rotation of Board members to the extent that this is not regulated.

### 11.2 MANAGEMENT

- 11.2.1 There should be an annual report by the CEO to the Board on succession planning and on the Company's programme for management development and the Board must perform a self-appraisal.
- 11.2.2 The resignation of the CEO would result in his resignation as a member on the Board at the same time. Whether the individual continues to serve on the Board is a matter for discussion at that time with the new CEO and the Board.

## 12 ROLE OF THE BOARD

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- 12.1 It is the duty of the Board to determine the Company's purpose and values, the strategy to achieve its purpose and to ensure its values are implemented in order that it survives and thrives. It should also ensure that procedures and practices are in place which protects the Company's assets and reputation.
- 12.2 The Board recognises that in order to remain effective, the Board must induct, develop or remove Board members as necessary from time to time. Incompetent or unsuitable Board members should be removed, taking relevant legal and other matters into consideration. In practice, the Chairman will usually play a lead part in such issues. The shareholders, in accordance with the protocols governing the Company, will also play a role in this instance.

12.3 The Board is explicitly responsible for the stewardship of the Company and in discharging its obligations, the Board should assume responsibility for the following:

- 12.3.1 Retain full and effective control over the Company and monitor management in implementing Board plans and strategies.
- 12.3.2 Ensure ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and the Company's own governing documents.
- 12.3.3 Strive to act above and beyond the minimum requirements and benchmark against international best practices.
- 12.3.4 Act responsibly in regard to the Company's relevant stakeholders.
- 12.3.5 Be aware of, and commit to, the underlying principles of good governance.
- 12.3.6 Define levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management.
- 12.3.7 Approve specific financial and non-financial objectives and policies proposed by management.

12.4 Having regard to its role, the Board will direct and supervise the management of the business and affairs of the Company including:

- 12.4.1 Ensuring goals are established.
- 12.4.2 Ensuring strategies are in place (to achieve goals).
- 12.4.3 Establishing policies to strengthen the performance of the Company.
- 12.4.4 Monitoring and evaluating management's performance.
- 12.4.5 Protecting the Company's financial position and the ability to meet its debts and other obligations when they fall due, by ensuring that steps necessary to this end are taken by management.
- 12.4.6 Ensuring that the financial statements are a fair and reasonable reflection of the Company's results and affairs and conform to applicable laws and regulations.
- 12.4.7 Ensuring that the Company adheres to high standards of ethics and exemplary corporate behaviour.
- 12.4.8 Ensuring that the Company has appropriate risk management and regulatory compliance policies and procedures in place.
- 11.4.9 Delegation of authorities for capital expenditure, and the review of investments, capital and funding proposals that require Board approval.
- 12.4.10 Succession planning processes for the management team.
- 12.4.11 Processes for meeting, reporting and other disclosure requirements.
- 12.4.12 Processes for the review of the above and other areas on a regular basis.

## 13 BOARD GOVERNANCE

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### Board procedures:

- 13.1 The conduct of Board members will be consistent with their duties and responsibilities to the Company and indirectly to the shareholders.
- 13.2 The members will always act within limitations imposed by the Board on their activities.
- 13.3 Directors' responsibilities and limitations are set out in the Memorandum of Incorporation, the Companies Act, and/or shareholders' resolutions.
- 13.4 The Board shall be disciplined in carrying out its role, with the emphasis on strategic issues and policy.
- 13.5 The Board's discussions will be open and constructive. The Chairman will seek consensus but may, where considered necessary, call for a vote. Discussions and records will remain confidential unless a specific direction from the Board to the contrary.
- 13.6 The Board has sole authority over its agenda. Any Board member may request an addition of an item on the agenda. The agenda is exercised through the Chairman.
- 13.7 The Board members are entitled to have access, at reasonable times, to all relevant Company information and to management.
- 13.8 The Board members are expected to strictly observe the provisions of the Statutes applicable to the use and confidentiality of company information.
- 13.9 **At each Board meeting the Board shall consider:**
- 13.9.1 an operational report from the CEO.
  - 13.9.2 a report from the Chief Financial Officer.
  - 13.9.3 reports on the activities of the Company's individual business units / businesses.
  - 13.9.4 specific proposals for capital expenditure and acquisitions.
  - 13.9.5 major issues and opportunities for the Board.
- 13.10 There should be a procedure agreed by the Board for directors in the furtherance of their duties, to take independent professional advice, at the Company's expense.

13.11 At intervals of not more than one year, the Board will:

- 13.11.1 review and evaluate the present and future strengths, weaknesses and opportunities of the Company. Comparisons with competitors, locally and internationally, and best practice are important elements of this process.
- 13.11.2 review and approve the Company's financial objectives, plans and actions and significant allocation and expenditure while considering how a proper "balanced scorecard" and "triple bottom line" approach may be applied.
- 13.11.3 review the company's goals.
- 13.11.4 review the strategies for achieving the Company's goals.
- 13.11.5 approve the annual budget.
- 13.11.6 approve the annual and half-yearly financial statements, annual report and reports to shareholders.
- 13.11.7 consider and, if appropriate, declare or recommend the payment of dividends.
- 13.11.8 review the Board's composition, structure and succession.
- 13.11.9 review the Company's audit requirements.
- 13.11.10 approve the remuneration of Non-Executive Directors.
- 13.11.11 approve the Chairman's remuneration.
- 13.11.12 review remuneration policies and practices in general, including superannuation and incentive schemes for management.
- 13.11.13 review risk assessment policies and controls, including compliance with legal and regulatory requirements.
- 13.11.14 review the Company's code of conduct and ethical standards.
- 13.11.15 review shareholder and client relations.

## 14 BOARD COMMITTEES

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Delegating authority to Board committees or management does not in any way mitigate or dissipate the discharge by Board members of their duties and responsibilities.

- 14.1 Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making.
- 14.2 There should be transparency and full disclosure, within reasonable limits, from the Board committees to the Board, except where the Board has mandated the committee otherwise.
- 14.3 Board committees will observe the same rules of conduct and procedures as the Board unless the Board determines otherwise.



- 14.4 Board committees will only speak or act for the Board when so authorised. The authority conferred on a Board committee will not derogate from the authority delegated to the CEO.

## **15 MATTERS RESERVED FOR THE BOARD**

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- 15.1 The following matters shall be reserved for decision by the Board, on the basis of any recommendation as may be made from time to time by the committees of the Board, if any:

- 15.1.1 The adoption of any significant change or departure in the accounting policies and practices of the Company;
- 15.1.2 the raising of incremental borrowing facilities in excess of the amount allowed in terms of the group authorities mandate approved from time to time;
- 15.1.3 the approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans;
- 15.1.4 the approval of annual financial statements and interim reports, the valuation of unlisted investments, the declaration of dividends and the forfeiture of unclaimed dividends; and
- 15.1.5 the recommendation to shareholders of any increase, reduction or alteration in the share capital of the Company and the allotment, issue or other disposal of shares of the Company.

### **15.2 Statutory and Administrative**

- 15.2.1 the frequency of meetings of the Board.
- 15.2.2 the appointment, removal or replacement of the external auditor of the Company.
- 15.2.3 the convening of general meetings of shareholders of the Company.
- 15.2.4 the formulation of policies in relation to industrial relations.
- 15.2.5 the prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business.
- 15.2.6 the appointment of responsible persons as may be required in terms of any Act in South Africa or elsewhere in respect of the Company.
- 15.2.7 the approval of the rules and amendments to pension and provident funds having a material effect on the actuarial liabilities of those funds and on the position of the Company, although these decisions should be reserved for the trustees of the pension fund that represent the members and the Company.
- 15.2.8 the granting of general signing authorities pursuant to the Articles of the Company.



- 15.2.9 the appointment, removal or replacement of the Company Secretary.
- 15.2.10 The implementation of the Company's Code of Ethics.

### **15.3 JSE Listings Requirements**

- 15.3.1 Approval of terms and conditions of the Company's rights issues, public offers, capital issues or issues of convertible securities including shares or convertible securities issued for acquisitions;
- 15.3.2 Approval and authority to issue circulars to shareholders of the Company;
- 15.3.3 Approval of and authority to issue prospectuses, listing particulars, rights offers or takeover or merger documents.
- 15.3.4 Recommending to shareholders that they approve any ordinary or special resolutions in respect of the Company.
- 15.3.5 Recommending that the shareholders take a particular course of action proposed by the Company.
- 15.3.6 the appointment of responsible persons as may be required in terms of any Act in South Africa or elsewhere in respect of the Company.
- 15.3.7 Any decision to delist the Company's shares on any stock exchange or to terminate such listing, subject to shareholders approval.
- 15.3.8 Hold regular Board Meetings, at least 4 times a year, meetings will be held in the First Quarter (to approve the Annual Financial Statements), Second Quarter (to approve the Interim Results), Third Quarter (to approve annual results, year-end performance reviews and Director performance evaluations and contracts) and lastly in the Fourth Quarter (to approve Strategy). Ad-hoc Meetings can be held when necessary.

### **15.4 Manpower**

- 15.4.1 Appointments to and removals from the Board including the appointment of the Chairman, any Deputy Chairman, CEO, executive directors and non-executive directors, and the approval and nominations of alternate directors (if any) as recommended by the Nominations and Remuneration Committee;

- 15.4.2 The appointment of terms of members and changes in the composition of other committees as the Board may appoint from time to time;
- 15.4.3 Any increase of Board members' fees as recommended by the Nominations and Remunerations Committee of AfroCentric's Group (subsequently approved by shareholders).
- 15.4.4 Formulation of recommended policies in relation to equal opportunity employment, environment and Investment Corporation and safety.

## **16 CORPORATE GOVERNANCE**

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16.1 Corporate governance involves structures and processes that should ensure that the following is achieved:

- leadership,
- balance of power,
- protection of stakeholder interests,
- strategic conversation,
- risk and performance management,
- tone at the top, and
- Regulatory compliance.

To this end, the Board is ultimately responsible for ensuring that an adequate and effective process of corporate governance is established and maintained.

16.2 The process shall be consistent with the nature, complexity and risk inherent in the Company's activities.

16.3 The process shall respond to changes in the Company's environment and conditions.

16.4 The Board may appoint supporting committees to assist with its responsibilities.

16.5 The Board or an appointed committee shall monitor the effectiveness of the process.

16.6 The Board should approve levels of Authority to be delegated to the CEO and first line reports.

16.7 At least one non-executive director should sit on the operating Boards of major subsidiaries.

- 16.8 The Board should from time to time agree on those matters at the subsidiary companies level that require specific Board approval. These should only be matters where the Board has decided that such Authority should reside with the Board itself in terms of Authorities laid down by the Board.
- 16.9 The Corporate Governance implementation process is to be assessed and documented at least once a year.
- 16.10 The external auditors will assess and review the Corporate Governance process annually, including management of risk.

## **17 MANAGEMENT OF RISKS**

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- 17.1 The Board is responsible for the total process of risk management, and for the effectiveness of the process. Management is accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the Company.
- 17.2 The Board must ensure that the process to identify the business risks as well as key performance indicators affecting the ability of the Company to achieve its strategic purpose and objectives is appropriate.
- 17.3 The Board must ensure that appropriate systems are in place to manage the identified risks, measure the impact and to proactively manage it.
- 17.4 The Board must ensure the protection of the Company's assets and reputation.
- 17.5 The Board, assisted by management, will compile a list of risks relevant to the group and ensure that such are monitored and addressed by management and that regular reports are submitted to the Board on the management of such risks as well as other matters considered by the Board to be appropriate.

## **18 REWARD SYSTEM**

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- 18.1 The Board will determine the level of remuneration paid to members within any limitations imposed by shareholders.

- 18.2 Levels and make-up of remuneration should be sufficient to attract and retain the right calibre of members needed to run the Company successfully, but the Company should avoid paying more than is necessary for this purpose.
- 18.3 Non-executive members will be paid an approved fee (at the last AGM). They will also be paid additional fees for serving on Board committees, and for serving as Chairman of a Board committee.
- 18.4 AfroCentric may, for the purpose of a special assignment, engage the services of a non-executive Director with a specific area of expertise. During the financial year in which such an engagement takes place, independence of directors engaged in this manner will be reviewed annually.
- 18.5 Non-executive Directors may have certain skills and expertise necessary in the business which may be procured with the approval of the Board. Notwithstanding that all Board members should apply their necessary skills and expertise in Board matters.
- 18.6 The Chairman will be paid a level of fees appropriate to his or her office.
- 18.7 The Board will review remuneration annually after taking independent advice.
- 18.8 Executive members will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment.
- 18.9 A proportion of the executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.
- 18.10 A formal and transparent procedure must be established for developing policy on executive remuneration and for fixing the remuneration packages of individual Board members.
- 18.11 No Board member will be involved in deciding his / her own remuneration.
- 18.12 Remuneration should be paid to the non-executive directors in arrears at the end of each quarter namely, 31 March, 30 June, 30th September, and 31st December of each financial year, in line with AfroCentric's Group policy.
- 18.13 The Board should report to the shareholders on remuneration and this should be included in the annual report and financial statements.

## 19 BOARD MEETINGS

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- 19.1 Meetings of the Board will be held at such time and at such venue as the Board deems appropriate but it will normally meet at least four times a year.
- 19.2 Fifty percent of the members of the Board must attend to constitute a quorum of which the majority must be non-executive directors. A quorum must be a disinterested quorum. Thus a director who has an interest in a matter may not vote on it and he may not be counted towards the quorum.
- 19.3 Board members will use their best endeavours to attend Board meetings and to prepare thoroughly. 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. Board members who are unable to attend shall advise the Chairman at the earliest date and confirm in writing to the Company Secretary.
- 19.4 **Agenda:**
- 19.4.1 An agenda will be prepared prior to the meeting and approved by the Chairman, Chief Executive Officer and / or Chief Financial Officer.
- 19.4.2 The Board members must prepare adequately for the meetings by reviewing the agenda and supporting meeting papers.
- 19.4.3 The Company Secretary must circulate the agenda and other meeting papers to the Board members at least one week prior to the meeting.

## 20 MINUTES OF MEETINGS

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- 20.1 The Company Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 20.2 Minutes of Board meetings shall be circulated promptly to all members of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists. Minutes shall not be circulated to any invitee (whether or not permanent) at Committee and Board level.

- 20.3 The minutes of the meetings shall be completed within fourteen days of such meeting and shall be circulated to all members of the Board and other relevant personnel as directed by the Committee.
- 20.4 The minutes must be formally approved by the Board at its next scheduled meeting.

## **21 BOARD EVALUATION AND PERFORMANCE**

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- 21.1 The Board shall annually evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role. An outside independent consultant may be retained to assist with this process.
- 21.2 The Chairman, or a sub-committee appointed by the Board, should appraise the performance of the CEO at least annually. The results of such appraisal should be considered by the Nomination and Remuneration Committees to guide it in its evaluation of the performance and remuneration of the CEO.
- 21.3 The evaluation of the CEO should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, etc. The assessment will be considered in the course of deliberations when considering the compensation of the CEO.
- 21.4 Directors would be assessed both individually and collectively as a Board.

## **22 COMPANY SECRETARY**

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- 22.1 The Company Secretary has a key role to play in ensuring that Board procedures are followed and reviewed regularly, and has the responsibility in law to ensure that each Board member is made aware and provided with guidance as to their duties, responsibilities and powers.
- 22.2 It is the responsibility of the Board, and in its own best interests, to ensure that the Company Secretary remains capable of fulfilling the function.
- 22.3 The appointment and removal of the Company Secretary is a matter for the Board as a whole.
- 22.4 The Company Secretary is responsible for ensuring that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters

associated with the maintenance of the Board or otherwise required for its efficient operation.

- 22.5 The Company Secretary must maintain statutory books in accordance with legal requirements.
- 22.6 In addition to the statutory duties of the Company Secretary, he or she must provide the Board as a whole and the Board members individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company.
- 22.7 The Company Secretary must send Board members information relating to the Company as needed.
- 22.8 The Company Secretary must keep abreast of and inform the Board of current governance thinking and practice.
- 22.9 All Board members, particularly the Chairman, must have access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business of the Company.
- 22.10 The Company Secretary will be accountable to either the Chairman or the CEO / CFO; however, he or she will need to ensure a sound working relationship with both in order to be effective.
- 22.11 The Company Secretary should provide a central source of guidance and advice to the Board.
- 22.12 The Key Performance Indicators / Areas of the Company Secretary shall be formulated by the CEO / CFO in consultation with the Company Secretary. This shall be presented to the Group Remuneration Committee for adoption.
- 22.13 The performance appraisal process of the Company Secretary shall include:
- a one on one appraisal with the CEO / CFO;
  - the results to be communicated to the Board Chairman and agreed;
  - the final results to be presented at the Group Remuneration Committee for finalisation.