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# BOARD CHARTER

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| <b>Author:</b><br><b>Approver:</b> | Company Secretary<br>Board of Directors |
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## 1. AUTHORITY

- 1.1 This board charter (**Charter**) applies to the Board of Directors (**the Board**) of Huge Group Limited (**the Company**) and where applicable, its subsidiary companies (**the Group**).
- 1.2 This Charter applies to the Board's roles, responsibilities, functions and powers in relation to the Company and where applicable, the Group as a whole.
- 1.3 The Board is responsible for the Group and its performance, and for overseeing and monitoring:
  - 1.3.1 the application of good corporate governance by the Company and/or the Group; and
  - 1.3.2 the delivery of its strategic objectives in a sustainable manner.
- 1.4 The purpose of the Charter is to provide a concise overview of:
  - 1.4.1 The principles applied to the Company's delegations of authority and matters reserved for approval by the Board; and
  - 1.4.2 The policies and practices of the Board in respect of its duty to provide leadership, ethics and corporate citizenship to the Company and the Group.
- 1.5 This Charter is subject to the provisions of the Companies Act 71 of 2008 (as amended) (**the Act**), the Company's Memorandum of Incorporation (**the Mol**) and any other applicable law or regulatory provision.

## 2. COMPOSITION

- 2.1 The Company has a unitary Board, consisting of a majority of Non-Executive Members. The number of Members and process for appointing Members is governed by the Mol.
- 2.2 Collectively the members of the Board should at any particular time have the necessary skills, qualifications and experience to execute their duties efficiently.
- 2.3 The majority of the Members of the Board should be Non-Executive, the majority of whom should satisfy the criteria for independence in terms of the Act and the King Report on Corporate Governance for South Africa 2016 (**King IV**) (**Independent Non-Executive Director**).

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- 2.4 The Chairman of the Board should be an Independent Non-Executive Director however where the Chairman is not independent, the Board shall appoint a Lead Independent Director.

### **3. ROLE, FUNCTIONS AND RESPONSIBILITIES OF THE BOARD**

The Board shall be responsible for:

- 3.1 Retaining full and effective control over the Company and providing effective and ethical leadership in the best interests of the Company;
- 3.2 Setting the strategic direction of the Company and ensuring that strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced;
- 3.3 Implementing the strategic planning system and reviewing and approving the updated strategic plans presented by Management from time to time, and monitoring the Company's performance against those plans;
- 3.4 Determining and setting the tone of the Company's values, including principles of ethical business practice and the requirements of being a responsible corporate citizen, including assessing and responding reasonably to any negative consequences which may arise from the Company's activities, particularly in respect of the economy, society and environment in which it operates and the capital resources which it utilises.
- 3.5 Applying independent, informed and effective judgment to material decisions of the Company, policies, delegations of authority, capital expenditure, consolidated budgets and material transactions;
- 3.6 Adopting a corporate governance framework which enables the Company to operate effectively, compliantly and in accordance with its approved strategy;
- 3.7 Forming Committees to assist it in the execution of its duties and responsibilities and approving formal terms of reference and work plans for each Committee;
- 3.8 Form ad hoc Committees to undertake special tasks or support certain responsibilities of the Board;
- 3.9 Remaining responsible for, inter alia, monitoring the performance of the Company in respect of:
- 3.9.1 The performance of operations;
  - 3.9.2 The accuracy and integrity of the financial reporting;

- 3.9.3 Management performance;
  - 3.9.4 Risk exposure and controls;
  - 3.9.5 Comparative performance against peers and benchmarks;
  - 3.9.6 Shareholder and stakeholder expectations and communications;
  - 3.9.7 Sustainability of the Company.
- 3.10 Authorising and controlling capital expenditure and review investment capital and funding proposals;
  - 3.11 Determining the capital structure of the Company;
  - 3.12 Seeking to ensure ethical behaviour and compliance with relevant laws, regulations, audit and accounting principles and practices, the governing documents and the Code of Ethics;
  - 3.13 Remaining responsible for the overall system of risk management, including the determination of Management expenditure authorisation and exposure limit guidelines. Management shall remain accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into operations;
  - 3.14 Reviewing the succession planning for the Management team and endorsing the senior executive appointments, organisational changes and general remuneration policy;
  - 3.15 Providing counsel and advising to the Chief Executive Officer (**CEO**) and Management on critical and sensitive matters; and
  - 3.16 Remaining responsible for the selection of Members, induction and ongoing education.

#### **4. ROLE AND FUNCTIONS OF THE CHAIRMAN**

The role and functions of the Chairman are set out in Annexure A hereto.

#### **5. ROLE AND FUNCTIONS OF THE LEAD INDEPENDENT DIRECTOR**

The role and functions of the Lead Independent Director are set out in Annexure B hereto.

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## **6. ROLE AND FUNCTIONS OF THE CHIEF EXECUTIVE OFFICER**

The role and functions of the Chief Executive Officer are set out in Annexure C hereto.

## **7. BOARD MEETINGS**

- 7.1 The Board shall meet at least once a quarter, provided that any other member of the Board, through the Chairman, may call a meeting at any other time. Non-Board members may be invited to attend Board meetings but shall not be entitled to vote at Board meetings.
- 7.2 Notice of each meeting of the Board, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall be forwarded to each Member of the Board at least five working days prior to the date of each meeting.
- 7.3 A quorum for meetings of the Board shall be four Members present in person or via telecommunication facilities. Non-Board members in attendance at Board meetings by invitation do not form part of the quorum of Board meetings.
- 7.4 Suitably qualified persons may be invited to attend Board meetings or be consulted by the Board from time to time to render such specialist services as may be necessary to assist the Board in its deliberations on any particular matter. No attendee who is not a member of the Board shall have a vote at meetings of the Board, nor shall he or she form part of the quorum of the meeting.
- 7.5 Where the Chairman is not present within fifteen minutes of the time stipulated for the Board meeting, the Board members present must elect one of them to chair that meeting.
- 7.6 A meeting of the Board may be conducted by electronic communication and/or one or more members may participate in a meeting of the Board by electronic communication so long as the electronic communication facility employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other, without an intermediary, and to participate effectively in the meeting.
- 7.7 Each member of the Board has one vote on a matter before the Board and a majority of the votes cast on a resolution is sufficient to approve that resolution.
- 7.8 In the case of a tied vote, the Chairman may not cast a deciding vote, even if the chairman did not initially have or cast a vote and the matter being voted fails.

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- 7.9 A round robin resolution of members shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted, provided that each member has received notice of the matter to be decided upon and that the majority of the Members have noted in favour of the matter. A round robin resolution may be executed in any number of counterparts and will have the same effect as if the signatures on the counterparts were on a single copy of the round robin resolution.
- 7.10 Minutes of meetings shall be taken by the Company Secretary and circulated to all the Members of the Board within one month of the date of each meeting and may also, if the Chairman so decides, be circulated to other members of the Board. Minutes must be formally approved by the Board at its next meeting.
- 7.11 The Chair of the Board or failing him or her, a Member of the Board, shall be present at each Annual General Meeting of Company to answer questions concerning matters falling within the authority of the Board.

## **8. CONDUCT OF BOARD MEMBERS**

Board Members are expected to:

- 8.1 Act in the best interests of the Company and the Group as a whole, with good faith and integrity and adhere to all relevant legal standards of conduct;
- 8.2 Avoid conflicts of interest between their personal affairs and those of the Company or, where unavoidable, disclose any such conflicts or potential conflicts;
- 8.3 Disclose any information they may be aware of, which is material to the Company and of which the Board is not aware, unless such Member is bound by ethical or contractual obligations of non-disclosure;
- 8.4 Keep all information learned by them, in their capacity as Members, strictly confidential; and
- 8.5 Exhibit the degree of care, skill and diligence that may reasonably be expected of a person carrying out the same functions in relation to the Company as those carried out by that person, and having the general knowledge, skill and experience of that person.

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## **9. NO PERSONAL LIABILITY ARISING FROM APPOINTMENT**

Subject to the above provisions and any relevant legislation, the members of the Board shall not attract any personal liability arising from their appointment, and the Company shall indemnify members of the Board against all and any claims howsoever arising.

## **10. BOARD EXPENSES**

The Company will pay all expenses incurred by the Board in executing its duties. The Board must be provided with adequate resources in order to properly discharge its duties. It is expected that such expenses would only be incurred through the application of a reasonable procurement process.

## **11. REMUNERATION**

11.1 Having regard to the functions performed by the members of the Board, in addition to their functions as members of various Committees, and pursuant to the specific power conferred upon the Board by the Mol, Non-Executive Directors shall be paid such special remuneration in respect of their appointment as shall be approved by the Board, on the recommendation of the Remuneration Committee, and subject to the approval of shareholders at the Annual General Meeting of the Company held each year.

11.2 The Company shall pay the professional membership fees of those members registered with a professional institution or body, such as may be relevant to the member performing his or her functions on the Board.

11.3 The remuneration of Executive Directors shall be approved by the Board, on the recommendation of the Remuneration Committee.

## **12. COMPANY SECRETARY**

12.1 The Board shall appoint and replace the Company Secretary and will empower the Company Secretary to enable him or her to properly fulfil his or her duties and responsibilities.

- 12.2 The Company Secretary should maintain an arm's length relationship with the Board and should not be a director of the Company.
- 12.3 The Board shall ensure that the Company Secretary has the requisite knowledge, skills and experience to fulfil the function of a Company Secretary. On an annual basis, the Board must consider and satisfy itself as to the competence, qualifications, expertise and experience of the Company Secretary.
- 12.4 The Company Secretary shall, in addition to his or her statutory duties, fulfil the duties of a Company Secretary as contemplated in the King IV.

### **13. GENERAL**

- 13.1 The Board, in carrying out its tasks under this Charter, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 13.2 This Charter may from time to time be amended pursuant to a resolution of the Board as required, subject to the approval of the Board.
- 13.3 The Board shall review and reassess the adequacy of this Charter periodically and agree on changes required.
- 13.4 The Board shall review its compliance with this Charter and evaluate its own performance, and that of its Committees, Chairman and individual members through a formal process.
- 13.5 The Board has reasonable access to the information, including records of the Company's property, employees, facilities and other resources, as well as to that of the Group, as may be necessary to discharge its duties and responsibilities. The Board shall follow any relevant Board approved process in discharging any of its duties and responsibilities.

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## Annexure A

### THE ROLE AND FUNCTIONS OF THE CHAIRMAN

The Chairman shall be responsible for, inter alia:

1. Setting the ethical tone for the Board and the Company;
2. Providing overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of the Board members;
3. Identifying and participating in selecting Board members (through the Nomination Committee) and overseeing a formal succession plan for the Board, CEO, CFO and the Managing Directors of major subsidiaries;
4. Formulating (with the CEO and the Company Secretary) the yearly work plan for the Board against agreed objectives, and playing an active part in setting the agenda for Board meetings;
5. Presiding over Board meetings and ensuring that time in meetings is used productively. The Chairman should encourage collegiality among Board members, without inhibiting candid debate and creative tension among Board members;
6. Ensuring that conflicts of interest are managed appropriately. It is not sufficient to merely table a register of interests and ensure that all internal and legal requirements of managing conflicts are met. The Chairman must ask affected Members to recuse themselves from discussions and decisions in which they have a conflict, unless they are requested to provide specific input, in which event they should not be part of the decision-making process;
7. Acting as a link between the Board and Management and particularly between the Board and the CEO;
8. Being collegial with Board members and Management while at the time maintaining an arm's length relationship;
9. Ensuring that Members play a full and constructive role in the affairs of the Company and taking a lead role in the process for removing non-performing or unsuitable Members from the Board;
10. Ensuring that complete, timely, relevant, accurate, honest and accessible information is placed before the Board to enable Members to reach an informed decision;

11. Monitoring how the Board works together and how individual Members perform and interact at meetings. The Chairman should meet with individual Members once a year about evaluating their performance. The Chairman should know Board members' strengths and weaknesses;
12. Monitoring and enhancing Members' skills and confidence and encouraging them to speak up and make a more active contribution to meetings (especially in respect of Members new to the role), in order to maximise the potential of the Board;
13. Ensuring that all Members are appropriately aware of their responsibilities through a tailored induction programme, ensuring that a formal programme of continued professional development is adopted at Board level. Particular regard must be had to ensuring that directors are aware of their direct and indirect responsibilities related to compliance with requirements of a stock exchange;
14. Ensuring that good relations are maintaining with the Company's major shareholders and its strategic stakeholders, and presiding over shareholders' meetings;
15. Building and maintaining stakeholders' trust and confidence in the Company;
16. Upholding rigorous standards of preparation for meetings by, inter alia, meeting with the CEO before Board meetings, settling the contents of the agenda and studying the meeting information packs prior to distribution; and
17. Ensuring that decisions by the Board are executed.

## Annexure B

### THE ROLE AND FUNCTIONS OF THE LEAD INDEPENDENT DIRECTOR

The Lead Independent Director shall be responsible for, inter alia:

1. Fulfilling the functions of the Chairman whenever the Chairman is absent and/or unable to perform;
2. Serving as a sounding board for the Chairman;
3. Acting as an intermediary between members of the Board and the Chairman, where required;
4. Addressing shareholder concerns that relate to the Chairman;
5. Strengthening the independence of the Board in instances where the Chairman is not independent;
6. Chairing discussions and overseeing decision-making processes by the Board where the Chairman is conflicted; and
7. Leading the performance appraisal of the Chairman.

## Annexure C

### THE ROLE AND FUNCTIONS OF THE CHIEF EXECUTIVE OFFICER

1. The Board selects, appoints and if necessary, replaces the CEO. It attends carefully to the issue of succession planning and consequently is also concerned with the performance and succession of the CEO's immediate subordinates.
2. 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.
3. The CEO is expected to act within all specific authorities delegated to him by the Board.
4. The CEO is accountable to the Board for the achievement of the Group's goals and the CEO is accountable for the observance of Management's limitations.
5. The functions of the CEO include:
  - 5.1 recommending and appointing the executive team and ensuring proper succession planning and performance appraisals;
  - 5.2 developing the Group's strategy for consideration and approval by the Board;
  - 5.3 developing and recommending to the Board yearly budgets that support the Group's long-term strategy;
  - 5.4 monitoring and reporting to the Board on the performance of the Group and its conformance with compliance imperatives;
  - 5.5 establishing an organisational structure for the Group which is necessary to enable the execution of its strategic planning;
  - 5.6 setting the tone in providing ethical leadership and creating an ethical environment;
  - 5.7 ensuring that the Group complies with all relevant laws and applies appropriate corporate governance principles; and
  - 5.8 ensuring that the Group applies all recommended best practices and, if not, that the failure to do so is justifiably explained.
6. The CEO is the principal responsible for execution of the Board's policies and practices.
7. The CEO shall be a member of the Board.