



THE *BID*Vest GROUP LIMITED

Board Charter

INTRODUCTION

The board of Directors of The Bidvest Group Limited (Reg no: 1946/021180/06) ("the Company") acknowledges the need for a board charter as recommended in the Code of Governance Principles for South Africa ("King III"). This board charter is subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

PURPOSE OF THE BOARD CHARTER

The purpose of this charter is to set out the board's role and responsibilities as well as the requirements for its composition and meeting.

COMPOSITION

The board comprises a balance of executive and non-executive directors, with a majority of non-executive directors. A majority of the non-executive directors is independent.

Directors are appointed through a formal process and the Nomination Committee assists with the process of identifying suitable candidates to be proposed to the shareholders.

The Chief Executive and the Group Financial Director are *ex officio* members of the board.

A formal induction programme is established for new directors.

Inexperienced directors are developed through a mentorship programmes.

Continuing professional development programmes are implemented which ensure that directors receive regular briefings on changes in risks, laws and the environment.

ROLE AND RESPONSIBILITIES OF THE BOARD

The role and responsibilities of the board are to:

- I. Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles;
- II. Appreciate the strategy, risk, performance and sustainability are inseparable and to give effect to this by:

- a. Contributing to and approving the strategy;
 - b. Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
 - c. Identifying key performance and risk areas;
 - d. Considering sustainability as a business opportunity that guides strategy formulation.
- III. Provide effective leadership on an ethical foundation.
- IV. Ensure that the Company is and is seen to be responsible corporate citizen by having regard to not only the financial aspects of the business of the Company but also the impact that business operations have on the environment and the society within which it operates.
- V. Ensure the Company's ethics are managed effectively.
- VI. Ensure the Company has an effective and independent audit committee.
- VII. Be responsible for the governance of risk.
- VIII. Be responsible for the information technology (IT) governance.
- IX. Ensure the Company complies with applicable laws and considers adherence to non-binding rules and standards.
- X. Ensure that there is an effective risk-based internal audit.
- XI. Appreciate that stakeholder's perceptions affect the Company's reputation.
- XII. Ensure the integrity of the Company's integrated report.
- XIII. Act in the best interests of the Company by ensuring that individual directors:
 - a. Adhere to legal standards of conduct;
 - b. Are permitted to take independent advice in connection with their duties following an agreed procedure;
 - c. Disclose real or perceived conflicts to the board and deal with these accordingly;
 - d. Deal in securities only in accordance with the policy adopted by the board.

- XIV. Commence business rescue proceedings as soon as the Company is financially distressed.
- XV. Elect a chairman of the board that is independent non-executive director or where the chairman is not an independent non-executive director appoint a lead independent director.
- XVI. Appoint and evaluate the performance of the chief executive.

The board should do everything necessary to fulfil its role set out above.

DELEGATION

The board delegates certain functions to well-structured committees but without abdicating its own responsibilities. Delegation is formal and involves the following:

1. Formal terms of reference are established and approved for each committee of the board.
2. The committees' terms of reference are reviewed once a year;
3. The committees are appropriately constituted with due regard to the skills required by each committee;
4. The board establishes a framework for the delegation of authority to management.

PERSONAL FINANCIAL INTEREST

In terms of **Section 75 (5) of the Companies Act of 2008 as amended:**

If a director of a company 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:

- **MUST** disclose the interest and its general nature before the matter is considered at the meeting;
- **MUST** disclose to the meeting any material information relating to the matter, and known to the director;
- **MAY** disclose any observations or pertinent insights relating to the matter if requested to do so by the other directors;
- If present at the meeting, **MUST** leave the meeting immediately after making any disclosure;
- **MUST NOT** take part in the consideration of the matter;
- While absent from the meeting in terms of this subsection:
 - o Is to be regarded as being present at the meeting for purposes of determining whether sufficient directors are present to constitute the meeting; and
 - o Is not to be regarded as being present at the meeting for the purpose of determining whether a resolution has sufficient support to be adopted; and

- o Must not execute any document on behalf of the company in relation to the matter unless specifically requested or directed to do so by the board

A register of declarations of personal financial interest shall be kept and all directors shall be required to confirm or amend the register at the commencement of each scheduled board meeting.

Executive directors must distinguish between their role as director and that of manager. Should they be unable to reconcile the two roles they should withdraw from the discussion and voting. An executive director when acting as a director, as opposed to when acting as a manager is not accountable to the chief executive in the hierarchical sense for their actions or vote.

RELATED PARTY TRANSACTIONS

In accordance with the IFRS reporting standards, all directors, officers and executive management shall not receive any discounts that are not commercially acceptable and shall not enter into any transactions with any Group company, either personally or via any member of their direct family, unless such transaction is reported to the Group board of directors as a related party transaction.

The board shall furthermore ensure that similar reporting structures exist within each division of the Group, for all the companies in their respective division.

MEETING PROCEDURE

Frequency

The board must hold sufficient scheduled meetings to discharge all of its duties as set out in this charter but subject to a minimum of four meetings per year. Meetings in addition to those scheduled may be held at the instance of a board member.

The chairman of the board may meet with the chief executive and the group financial director and/or company secretary prior to a board meeting to discuss important issues and agree on the agenda.

Attendance

Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only and they may not vote.

Board members must attend all scheduled meetings of the board, including meetings called on an *ad-hoc*-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman, chief executive or company secretary.

The company secretary is the secretary to the board.

If the nominated chairman of the board is absent from a meeting, the lead independent director acts as chairman or in his absence the members present must elect one of the members present to act as chairman.

Quorum

Half of the executive members plus half of the non-executive members of the board must attend to constitute a quorum.

Agenda and Minutes

The board must 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. The annual plan must ensure proper coverage of the matters laid out in this charter: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the board and other invitees.

Board members must be fully prepared for board meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes must be circulated as soon as possible after the meeting and circulated to the chairman and members of the board for review thereof. The minutes must be formally approved by the board at its next scheduled meeting.

PUBLIC COMMUNICATIONS

Public communications on the affairs of the Group, as opposed to a division or trading company, should normally be referred to the chairman and the chief executive. Where an executive director finds it necessary to make a public statement concerning the Group this should be cleared initially with the chairman or the chief executive.

EVALUATION

The evaluation of the board, its committees and individual directors, including the chairman, must be performed every year.

APPROVAL OF THIS CHARTER

This charter was approved by the chairman of the board on _____
and will be due for review on _____.

Cyril Ramaphosa
Chairman