

BOARD CHARTER
VERSION 1.1
ZANDFONTEIN FARM HOMEOWNERS’ ASSOCIATION NPC
(“the Association”)
2022
Version: 01 August 2022

1. PREAMBLE

- 1.1 The Board of Directors of the Company is ultimately accountable and responsible for setting the direction of the Company.
- 1.2 The Board endorses and is committed to the fundamentals of good corporate governance. In accordance with this commitment, the Board embraces the principles of good governance as recommended in the King IV Report on Corporate Governance for South Africa, 2016 as amended from time to time.
- 1.3 Good corporate governance is essentially about effective leadership characterised by the ethical values of responsibility, accountability, fairness, and transparency.
- 1.4 Corporate governance provides checks-and-balances against abuse of power and ensures the integrity of the Board in providing good stewardship in the management and sustainability of the Association.
- 1.5 The Board provides leadership to the Association.
- 1.6 The Board recognises the need to build a strong sense of community among Members of the Association, to procure and manage service providers to maintain a safe environment and a strong financial standing for the Association.
- 1.7 It is imperative that directors are fully aware of the implications and responsibilities of the appointment that they have accepted.
- 1.8 This Board Charter is complementary to the provisions of the Memorandum of Incorporation (“MOI”) of the Company and applicable legislation.
- 1.9 This Board Charter is neither intended to contain a comprehensive statement of applicable governance principles nor replace or amend the MOI in any way. In the event of a conflict between the MOI and the Charter, the provisions of the MOI shall have preference.
- 1.10 The provisions of this Board Charter were established and are enforceable as conduct rules in accordance with the MOI duly accepted at the Annual General Meeting held on 13 September 2022.
- 1.11 All directors are obliged to comply with this Board Charter.
- 1.12 In this Board Charter, the words and expressions contained herein bear the same meanings assigned to them in the Memorandum of Incorporation of the Association.

2. COMPOSITION OF THE BOARD

- 2.1 The Board approves the process for the Board to attain the appropriate balance to effectively discharge its governance role and responsibilities.

- 2.2 The Board shall be structured to ensure an appropriate mix and balance of knowledge, skills, experience, diversity, and independence appropriate to the objectives of the Association.
- 2.3 Directors shall be appointed through a formal and transparent process.
- 2.4 Directors will be nominated to be appointed to the Board on the basis of their business acumen and experience and will be required to make meaningful contributions to the activities of the Association and in the interest of all of its stakeholders.
- 2.5 The positions of chairperson, vice-chairperson and treasurer shall at all times vest in separate individuals.
- 2.6 The Board shall be expected to:
 - 2.6.1 Have, or acquire a good knowledge of corporate governance, with an understanding and commitment to the fiduciary duties of Board members, particularly to represent and act in the best interests and needs of the organisation and not that of a particular interest group.
 - 2.6.2 Acquire a knowledge and understanding of the Company's objectives and legislation that govern the activities of the Company.
 - 2.6.3 Present a uniform position externally, with an acknowledgement and respect for differing opinions and expertise.
 - 2.6.4 Maintain independence coupled with the courage to stand up for one's own convictions with constructive dissention, where necessary.
 - 2.6.5 Uphold the highest standard of ethics.
 - 2.6.6 Positively contribute to the overall development and determination of the Company's strategy.

3. FUNCTIONS AND CONDUCT OF THE BOARD (AS A COLLECTIVE)

- 3.1 The Board is ultimately accountable and responsible for the affairs of the Association.
- 3.2 The Board shall act as the focal point for, and custodian of the governance of the Association.
- 3.3 The Board has a duty to exercise independent discretion and to act within the powers and authority bestowed upon it by the MOI.
- 3.4 The Board shall ensure that the Association is, and is seen to be, a responsible corporate citizen.
- 3.5 In directing the Association, the Board has authority to exercise all of its powers and perform any of the functions of the Association and in particular the Board must:
 - 3.5.1 Exercise full and effective control over the Association.
 - 3.5.2 Determine the Association's values and ensure that the Association fulfils its purpose as set out in the MOI.
 - 3.5.3 Ensure that the Company's operations are executed in a sustainable manner.
 - 3.5.4 Define levels of materiality and relevance appropriate to the business of the Association, and delegate authority for the running of the day-to-day activities of the Association.
 - 3.5.5 Monitor compliance by the Association with applicable laws and business practices.
 - 3.5.6 Address any conflicts of interest.
 - 3.5.7 Ensure open, transparent, and timeous communication with Members and stakeholders.
 - 3.5.8 Authorise and control expenditure.
 - 3.5.9 Ensure that the necessary structures and resources are in place so as to enable the Company to achieve its objectives.

- 3.5.10 Ensure that the Members of the Association are provided with true and fair reporting on the financial performance of the Company. Financial reporting is required on a quarterly basis.
- 3.5.11 Ensure that the quality and integrity of the financial reporting is not compromised and complies with the set standards of reporting.
- 3.5.12 Ensure that value is created for the Association.
- 3.5.13 Measure the performance of the Company according to the triple bottom line, namely on financial, social, and environmental levels.

4. FUNCTIONS AND CONDUCT OF DIRECTORS (ACTING INDIVIDUALLY)

- 4.1 Directors are elected to manage the affairs and represent the interests of the members of the Association. As such, a director is placed in a fiduciary position and is required by law to exercise the powers conferred on him in the utmost good faith.
- 4.2 The conduct of directors shall be consistent with their accountability to the Association and responsibility to the Members.
- 4.3 The Companies Act expects the standard of conduct of directors to extend beyond the common law of duty of directors.
- 4.4 The Companies Act states that a director when acting in that capacity must exercise the powers and perform the functions of a director:
 - 4.4.1 For a proper purpose; and
 - 4.4.2 In the best interests of the Company
- 4.5 The Companies Act requires that in respect of any matter arising in the exercise of the powers of a director, a director will have satisfied its obligations under the Companies Act, if the director:
 - 4.5.1 Has taken reasonably diligent steps to become informed about the matter; and
 - 4.5.2 Took a decision or supported a decision of the Board or a committee of the Board with regard to that matter; and
 - 4.5.3 Had a rational basis for believing that the decision was in the best interests of the Company.
- 4.6 Directors appointed to the Board should always conduct themselves according to the highest standard of personal and professional integrity.
- 4.7 Every director shall:
 - 4.7.1 Respect the fiduciary capacity of a director and transact the responsibilities associated with the office of a director.
 - 4.7.2 Act with due care, skill, and diligence in the performance of their duties.
 - 4.7.3 Add value to Board deliberations.
 - 4.7.4 Act within the limits of his portfolio and in accordance with good business practices.
 - 4.7.5 Treat all matters dealt with by the Board as confidential, even if no longer a director.
 - 4.7.6 Set an example of humility and demonstrate the value of respect for others where ideas are examined and criticised, not people.
- 4.8 The director's duty of care is achieved by:
 - 4.8.1 Making informed decisions based on a complete understanding of the Association's objectives and the issues that might affect it.
 - 4.8.2 Obtaining independent professional advice in circumstances where the director believes that, despite a good understanding of the issue he is still not in a position to make informed decisions.
 - 4.8.3 Diligently preparing for board meetings by reviewing and understanding board pack material well in advance of board meetings and actively participating in board meetings.

- 4.8.4 Acting impartially, setting the Association's interests before personal interests or gain. In the event of there being the slightest hint of any possible interest, it is openly and formally declared.
- 4.8.5 Avoiding favouritism to any individual Member of the Association.
- 4.8.6 Refraining from undermining trust by lobbying or petitioning without the Board's consent.
- 4.8.7 Ensuring that the assets of the Company are not used for any unlawful purpose usage that amounts to wastage.
- 4.9 In cases of disagreements, directors must strive toward consensus, find balance between different viewpoints, and accept the leadership and decisions of the Chairperson.

5. DELEGATION OF FUNCTIONS

- 5.1 The Board may, if it considers it suitable, create committees and appoint a managing agent to assist in the execution of its mandate.
- 5.2 The Board accepts that while certain powers are capable of delegation, the Board may do so only without abdicating its own responsibilities and the ultimate accountability for the matters delegated remains with the Board.
- 5.3 Each committee formed by the Board shall have formal terms of reference as approved by the Board.

6. MEETINGS

- 6.1 The Board must hold sufficient meetings to discharge all of its duties as set out in this Board Charter, but no less than once a month.
- 6.2 Directors must use their best endeavours to attend all Board meetings. Directors who are unable to attend a meeting shall advise the Chairperson or Company Secretary in advance.
- 6.3 Directors are expected to devote sufficient time and effort to prepare for meetings in order to participate fully and constructively in discussion at meetings.
- 6.4 The Board will endeavour to reach decisions by consensus but if this is not possible, decisions will be taken by simple majority of votes.
- 6.5 Individuals in attendance at meetings by invitation, may participate in discussions but do not form part of the quorum and may not vote on any issues discussed at the meeting.

7. THE CHAIRPERSON

- 7.1 The Chairperson shall:
 - 7.1.1 Provide 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 directors.
 - 7.1.2 Ensure that meetings of the Board are efficient and productive.
 - 7.1.3 Encourage collegiality among directors without inhibiting candid debate and creative tension among directors.
 - 7.1.4 Act as the primary link between the Board and the Members of the Association.
 - 7.1.5 Ensure that directors are made aware of their responsibilities as officers of the Company.
 - 7.1.6 Ensure that good relations exist with the Members of the Association and its strategic stakeholders.
- 7.2 The Board shall carefully monitor the independence and factors that may impair the independence of the Chairperson.

- 7.3 Chairpersons may only be elected in office after serving at least 1 (ONE) year on a committee of the Board.
- 7.4 Chairpersons may serve for a maximum of 3 (THREE) consecutive years, after which their term will expire.

8. DECLARATIONS OF INTEREST

- 8.1 The Board shall at all times comply with the MOI and the Companies Act with regard to the disclosure of interest in contracts or proposed contracts.
- 8.2 Directors must avoid all conflicts of interests in accordance with section 75 of the Companies Act.
- 8.3 Any conflict of interest in respect of a matter on any meeting agenda must be disclosed by the conflicted director at the start of that meeting.
- 8.4 If any matter to be discussed at a meeting of the Board involves a director with a conflict of interest, then the conflicted director shall not be present when the matter is discussed and shall not participate in any decision on the matter.

9. INDEPENDENT PROFESSIONAL ADVICE

- 9.1 Any director is empowered to consult independent experts.
- 9.2 All requests for independent, professional advice should be directed in writing to the Chairperson.
- 9.3 Costs incurred as a result of the independent advice will be borne by the Association subject to prior approval by the Board.

10. VIOLATIONS

- 10.1 The Board will take appropriate action against any director whose actions are found to violate this Board Charter or any other rules of the Association.
- 10.2 Any violation of this Board Charter should be promptly reported to the Chairperson.

ACCEPTANCE OF TERMS:

I _____ the undersigned, have read and understood the terms of this Board Charter and agree to be bound by it in the execution of my duties as a director of the Zandfontein Farm Homeowners' Association.

Signature:

Date: