

Board Charter

Group Five Limited

(1969/000032/06)

(“Group Five” or “the Company” or “the Group”)

1. INTRODUCTION

- 1.1 The board of directors of Group Five (“the board”) acknowledges the need for a board charter as recommended in the King Report on Governance for South Africa 2009 (“King III”).
- 1.2 This board charter is subject to the provisions of the Companies Act 71 of 2008, the Listings Requirements of the JSE Limited, the Company’s Memorandum of Incorporation (“MOI”) and any other applicable law.
- 1.3 The purpose of this board charter is to set out the board’s role and responsibilities as well as the requirements for its composition and meeting procedures.

2. COMPOSITION

- 2.1 The size of the board is dictated by the MOI which permits a maximum of fifteen directors and prescribes a minimum of four directors.
- 2.2 The board will comprise a balance of executive and non-executive directors, with a majority of non-executive directors. A majority of the non-executive directors shall be independent.
- 2.3 In considering the balance of the board, cognisance shall be taken of the gender and racial mix to represent the demographics of the countries in which the Group operates. The individual members shall contribute to the collective blend of knowledge, skills, objectivity and experience of the board.
- 2.4 The chief executive officer (“CEO”) and chief finance officer (“CFO”) are *ex officio* members of the board.
- 2.5 The board will ensure that it will be sufficient in number and expertise at all times to lead and control the Group and to be responsible to shareowners for strategically setting the direction of the Group.
- 2.6 Directors shall be appointed through a formal process and the Nomination Committee shall assist with the processes of identifying suitable candidates to be proposed to the shareholders.

Chairperson

- 2.7 The chairperson shall at all times be an independent non-executive director.
- 2.8 The chairperson shall be appointed by the board every year after carefully monitoring his/her independence and factors that may impair his/her independence.

- 2.9 Where the independence of the chairperson is questionable or impaired, the board shall, in consultation with the Nominations Committee, appoint a Lead independent director for as long as the situation exists.

Invitees

- 2.10 The board may from time to time and at its discretion, invite employees/or Executive Committee (“EXCO”) members to board meetings or part thereof.

3. MEETINGS

Frequency

- 3.1 The board will hold quarterly meetings. Additional meetings may be held at the request of the chairperson or any one of the directors, after discussion with the chairperson.

Notice and quorum

- 3.2 The notice of each meeting of the board, confirming the venue, time and date, and enclosing an agenda of items to be discussed will, unless otherwise agreed by all concerned, be forwarded to each director and any other person required to attend, not less than five days prior to the date of the meeting.
- 3.3 A quorum will consist of a majority of board members (of which the majority must be non-executive directors) present in person or via video conferencing, closed circuit television or telecommunication facilities.
- 3.4 Each director has one vote on a matter before the board. A majority of the votes (of which the majority must be non-executive directors) cast on a resolution is sufficient to approve that resolution.
- 3.5 In the case of a tied vote, the chairperson may not have a second or casting vote and the matter being voted on fails.
- 3.6 No invited attendee will have a vote at meetings of the Committee.

Agenda

- 3.7 The board shall establish an annual work plan 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 set out in this charter.
- 3.8 The number, timing and length of meetings as well as the agendas are to be determined in accordance with the annual plan.
- 3.9 The CEO and the company secretary shall, in consultation with the chairperson, draw up an agenda.
- 3.10 A detailed agenda, together with supporting documentation, shall be circulated at least five business days prior to each meeting.

- 3.11 Directors must be fully prepared for board meetings to be able to provide appropriate and constructive input on matters for discussion.

Attendance

- 3.12 In the absence of the chairperson, the remaining members present will elect one of their number to chair the meeting.
- 3.13 Directors may invite any person to attend specific meetings or parts of a meeting, with the prior approval of the chairperson.
- 3.14 Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their knowledge, skill and abilities to the Board.
- 3.15 Directors 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 chairperson or company secretary.

Minutes

- 3.16 The secretary will keep appropriate records of all meetings of the board as well as minutes of the proceedings and all decisions made.
- 3.17 The minutes of the meeting shall be completed within fourteen business days of such meeting and shall be circulated to all board members.
- 3.18 The minutes of the meeting shall be formally approved by the board at its next scheduled meeting.

4. RESPONSIBILITIES

The role and responsibilities of the board are to:

- 4.1 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;
- 4.2 appreciate that strategy, risk, performance and sustainability are inseparable and give effect to this by:
- 4.2.1 contributing to and approving the strategy;
 - 4.2.2 satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
 - 4.2.3 identifying key performance and risk areas;
 - 4.2.4 ensuring that the strategy will result in sustainable outcomes; and
 - 4.2.5 considering sustainability as a business opportunity that guides strategy formulation.
- 4.3 provide effective leadership on an ethical foundation;
- 4.4 approve a legal compliance policy and ensure that it has been implemented by management;

- 4.5 define and approve the internal audit charter;
- 4.6 ensure that the Company is and is seen to be a 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;
- 4.7 ensure that the Company's ethics are managed effectively;
- 4.8 ensure that the Company has an effective and independent audit committee;
- 4.9 be responsible for the governance of risk;
- 4.10 be responsible for information technology (IT) governance;
- 4.11 ensure that the Company complies with applicable laws and considers adherence to non-binding rules and standards;
- 4.12 ensure that there is an effective risk-based internal audit;
- 4.13 appreciate that stakeholders' perceptions affect the Company's reputation;
- 4.14 ensure the integrity of the Company's integrated report;
- 4.15 act in the best interest of the Company by ensuring that individual directors:
 - 4.15.1 adhere to legal standards of conduct;
 - 4.15.2 are permitted to take independent professional advice at the Group's expense in connection with their duties following an agreed procedure;
 - 4.15.3 disclose real or perceived conflicts to the board and deal with them accordingly; and
 - 4.15.4 deal in securities only in accordance with the policy adopted by the board;
- 4.16 commence business rescue proceedings as soon as the Company is financially distressed;
- 4.17 elect a chairperson of the Board that is an independent non-executive director;
- 4.18 appoint the CEO, CFO and directors;
- 4.19 review and approve the structure of the Group, which structure will be established and maintained by EXCO;
- 4.20 review and approve the financial objectives, plans and actions, including significant capital allocations and expenditure;
- 4.21 exercise leadership, integrity and judgement, based on fairness, accountability, responsibility and transparency;
- 4.22 ensure that the Group communicates with its shareowners and relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form;
- 4.23 regularly review processes and procedures to ensure the effectiveness of the Group's internal systems of control, so that its decision-making capability and the accuracy of its reporting is maintained at a high level at all times;
- 4.24 define levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management;

- 4.25 develop a corporate Code of Ethics;
- 4.26 identify key risk areas and key performance indicators, which should be regularly monitored, with particular attention given to technology and systems;
- 4.27 identify and monitor the non-financial aspects relevant to the business of the Group, particularly safety, health, risk, environment and quality;
- 4.28 record the facts and assumptions on which it relies to conclude that the business will continue as a going concern in the financial year ahead or why it will not and in that case, the steps the board is taking;
- 4.29 find the correct balance between conforming to governance constraints and performing in an entrepreneurial way;
- 4.30 assess its own effectiveness in fulfilling these and other board responsibilities;
- 4.31 shall, when necessary, appoint and/or remove members from the Board;

At each quarterly meeting, the board shall consider:

- 4.32 operational reports from the relevant executive directors;
- 4.33 a report from the chief financial officer;
- 4.34 reports on the activities from the company's individual business units;
- 4.35 financial forecasts for the remainder of the financial year;
- 4.36 specific proposals for capital expenditure and acquisitions; and
- 4.37 major issues and opportunities for board consideration.

At intervals of not more than one year, the board shall:

- 4.38 review the company's goals;
- 4.39 review the strategies for achieving the company's goals;
- 4.40 approve the annual budget;
- 4.41 approve the annual and half-yearly financial statements, reports to shareholders and public announcements;
- 4.42 approve the directors' statutory report to be published in the annual report;
- 4.43 consider and approve a dividend on the recommendation of the Audit Committee from a sustainability, cash flow and affordability perspective;
- 4.44 review the board's performance, composition, structure and succession;
- 4.45 review the company's internal and external audit reports;

- 4.46 review the performance of, necessity for, and composition of board committees;
- 4.47 review the director's, chairperson's and CEO's remuneration;
- 4.48 review remuneration policies and practices in general, including incentive schemes for management;
- 4.49 review risk assessment policies and controls, including compliance with legal and regulatory requirements;
- 4.50 review the company's code of conduct and ethical standards;
- 4.51 review shareowner and client relations;
- 4.52 review the company's and the board's corporate governance performance in general; and
- 4.53 settle the following year's work plan.

5. MANAGEMENT OF RISKS

- 5.1 The board accepts its responsibility for the total process of risk management in the company.
- 5.2 An effective, ongoing process shall be in place to identify risks, measure their impact and proactively manage these. The board shall set the risk strategy in liaison with the executive directors and senior management. Formal risk assessments shall be taken at least annually.
- 5.3 The Audit Committee shall be responsible to assist the board in reviewing the risk management process.

6. DELEGATION AND POWERS

- 6.1 The board shall delegate certain functions to well-structured committees but without abdicating its own responsibilities.
- 6.2 Delegation shall be formal and shall involve the following:
 - 6.2.1 establishment and annual review of formal terms of reference for each board Committee;
 - 6.2.2 appropriate constitution of committees with due regard to the skills required by each committee; and
 - 6.2.3 the establishment of a framework for the delegation of authority to management. These matters should be monitored and evaluated on a regular basis
- 6.3 Board committees will observe the same rules of conduct and procedures as the board unless the board determines otherwise.
- 6.4 Board committees will only speak to and act for the board when so authorised. The authority conferred on a board committee will not derogate from the authority delegated to the CEO by the board.
- 6.5 The board shall clearly define the parameters of ad hoc sub-committees.
- 6.6 Directors may, if necessary, take independent professional advice at the Group's expense in accordance with procedure approved by the board for this purpose.

- 6.7 Non-executive directors have access to management and may meet separately with management, without the attendance of executive directors.
- 6.8 Non-executive directors have access to internal and external auditors and may meet with them, without the attendance of management.

7. INDUCTION OF NEW DIRECTORS

- 7.1 Newly appointed directors will have the benefit of an induction programme aimed at deepening their understanding of the Group and the business environment and markets in which the Group operates.
- 7.2 The company secretary will assist the chairperson with the induction and orientation of directors.
- 7.3 The induction and ongoing training programmes of the board will incorporate risk governance.

8. REMUNERATION

- 8.1 Executive Directors will receive no fees but will be paid as employees of the Group in accordance with their contracts of employment with the Group.
- 8.2 Fees for the chairperson's and the directors' services to the Company may only be paid in accordance with a special resolution approved by the shareholders, at the annual general meeting of the company.

9. OTHER BOARD APPOINTMENTS

Directors are at liberty to accept other board appointments so long as the appointment does not conflict with the Company's business and does not detrimentally affect the director's performance as a director on the board of Group Five. The chairperson, in advance of the appointment being accepted by the director, must approve such board appointments in writing.

10. EVALUATION

- 10.1 The board shall conduct a self-assessment or self-evaluation annually.
- 10.2 The chairperson will assess the individual board members and the board shall evaluate that of the chairperson.

11. APPROVAL OF THIS BOARD CHARTER

This board charter was approved by the board on May 21, 2015 and will be due for review in May 2016.

BY ORDER OF THE BOARD