sameerafrica
WE'LL TAKE YOU THERE.®

BOARD CHARTER

Adopted on 27th March 2017

Contents

1. PURPOSE 2
2. CORPORATE GOVERNANCE 2
2.5 PRINCIPLES OF GOOD CORPORATE GOVERNANCE 3
2.6 EMERGING GOVERNANCE TRENDS 3
3. SHAREHOLDERS. 4
4. BOARD SIZE AND COMPOSITION: 6
5. FUNCTIONS OF THE BOARD, MANAGING DIRECTOR, CHAIRMAN AND THE COMPANY SECRETARY 8
5.3 Role of the Company Secretary 11
5.4 Role and Responsibility of the Board of Directors 12
6. BOARD COMMITTEES 14
7. MATTERS RESERVED FOR DETERMINATION BY THE BOARD 14
8. REMUNERATION 17
9. BOARD MEETINGS 17
10. DIRECTORS INDEPENDENCE 18
11. BOARD PERFORMANCE 18
12. SUSTAINABILITY REPORTING AND DISCLOSURE 18
13. CORPORATE CITIZENSHIP, LEADERSHIP INTEGRITY AND RESPONSIBILITY 20
14. ETHICAL STANDARDS AND CONFLICT OF INTEREST 23
15. DIRECTORS FIDUCIARY DUTIES 23
16. RISK MANAGEMENT 24
17. COMPLIANCE WITH LAWS, REGULATIONS, RULES AND STANDARDS 30
18. MANAGING STAKEHOLDER RELATIONSHIPS 31
19. REVIEW OF CHARTERS 33

1. PURPOSE

This Board Charter sets out the roles, responsibilities, structures and processes of the Board of Sameer Africa Limited (the company).

2. CORPORATE GOVERNANCE

2.1 Definition of Corporate Governance

Corporate governance is the manner in which powers of a company are exercised in stewardship of the company's asset and resources with the objective of increasing shareholders' value and satisfaction of stakeholders in context of the company's mission.

2.2 Purpose of the principles of corporate governance

(a) To assist in formulation of codes of best practice;
(b) To debate and evolve better practices and procedures;
(c) To examine existing governance practices and recommend best practices thereon;
(d) To develop capacity and improve corporate governance practices.

2.3 Why corporate governance?

(a) To promote responsiveness and accountability
(b) To promote effective and efficient and sustainable companies that creates wealth, employment and solutions to emerging challenges.
(c) To promote lawful company that is managed with decency, integrity and transparency.
(d) To promote recognition and protection of stakeholders rights
(e) To promote an all-inclusive approach based on democratic and lawful representations and participation.

2.4 The link between governance principles and the law

The responsibilities of directors and management involve:

(a) Duty of care and skill; and
(b) Fiduciary duties.

A corporate practice, which is generally adopted, is often adopted by the courts. The improvement in standards set by Corporate Governance practices are therefore of benefit generally to the company. It is evident that as general practice and standards are set by Corporate Governance, the individual director who does not follow a standard practice, could become liable in law.

2.5 PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Good corporate governance places great emphasis on:

(i) Leadership;
(ii) Sustainability; and
(iii) Corporate Citizenship.

The concepts of integrated sustainability and social transformation leads to a lasting concentration on the effects of business on society and the environment.

The concept of sustainability is linked with the evaluation of ethics and the improvement of ethical standards in business and in the community.

Sustainability reporting is emphasized in the need to utilize suppliers from amongst previously disadvantaged people.

The success of the company is likely to involve:

(i) The natural environment;
(ii) The social environment;
(iii) The political system; and
(iv) The global economy.

Good corporate governance has placed great emphasis on an integrated report, which will evaluate the company's impact on the economic life of the community in which it operates, as well as many other matters.

2.6 EMERGING GOVERNANCE TRENDS

Emphasis is placed on the following:

(a) Alternative dispute resolution - It is suggested that alternative dispute resolution will enable business to preserve business relationships, by speedily solving problems.
(b) Risk based internal audit- This will enable companies to place more reliance upon internal controls, which internal audit will verify/assure.
(c) IT Governance- IT governance is important as it is a major operational risk.
(d) Shareholders and Remuneration- There is a need for the policy of the remuneration/fees of non-executive directors of the board, to be authorized by shareholders.
(e) Evaluation- The board of directors, the board committees and individual directors should carry out a self/board evaluation, annually.

3. SHAREHOLDERS.

Shareholder rights and investor protection are key factors to consider when determining the ability of companies to raise the capital they need to grow, innovate, diversify and compete effectively. It is also critical that the governance framework ensures equitable treatment of all shareholders including the minority.

3.1 PRINCIPLES IN RELATION TO SHAREHOLDERS AND THE MEDIA:

a) The board shall recognize respect and protect the rights of shareholders
b) The board shall ensure that all shareholders are treated equitably.
c) The company should protect minority shareholders from abusive actions by the controlling shareholder

d) The board shall proactively engage the media on dissemination of important company information and issues relating to good corporate governance with a view to informing and protecting investors and other stakeholders

3.2 DUTIES OF SHAREHOLDERS:

a) To keep themselves informed about the company.
b) To make independent and informed decisions on all issues, when they are called upon to make decisions.
c) To clearly understand the company objectives.
d) To ensure that competent and reliable persons, who can add value, are appointed to be members of the board of directors.

e) To ensure that the board is held accountable and responsible for efficient and effective governance of the company so as to achieve corporate objectives, prosperity and sustainability.

3.3 RIGHTS OF SHAREHOLDERS:

a) To receive relevant information on the company's performance through the distribution of the annual reports and accounts.
b) To receive relevant, sufficient and timely information concerning the date, location and agenda of the Annual General Meeting to attend either in person or by proxy all general meetings of the company.
c) To receive a portion of the company's profits through declared dividends.
d) To participate in decision making through their right to vote.
e) To make decisions on changes in the company's composition documents.
f) To elect members of the board of directors
g) To elect external auditors
h) To approve annual reports, financial statements and balance sheets, as well approve the audit report
i) To attend annual general meetings or any other extraordinary meeting called by the company.
j) To receive sufficient information on each subject to be discussed at the Annual General Meeting including sufficient information on voting rules or procedures.
k) To be given an opportunity to question management at general meetings.

3.4 AUTHORITY AND DUTIES OF SHAREHOLDERS:

Shareholders should:

a) Ensure that their names are entered into the shareholders register
b) Ensure safe custody of their shareholding documentation.
c) Obtain copies of, study and where necessary obtain independent professional advice on the instruments constituting the company

d) Understand the objects for which the company is formed.
e) Understand the duties and limitations of the authority of directors, their rights and obligations.
f) Understand the obligations of the company to various stakeholders.

g) Ensure that the provisions of the constituting instruments of the company are consistent with the principles of good corporate governance.
h) Keep themselves informed about the external and internal environment of the company.
i) Ensure the principles of good corporate governance are implemented in the company by contributing effectively during shareholders meetings.

4. BOARD SIZE AND COMPOSITION:

There shall be a formal and transparent procedure in the appointment of members. The board shall appoint a nominations and remuneration committee which shall be responsible for proposing new nominees for appointment to the board and in assessing performance and effectiveness.

4.1 The board shall be responsible for**:**

a) Identifying and evaluating possible future directors to the board and to significant company subsidiaries;
b) Appointing directors to fill casual vacancies on the board;
c) Making recommendations to the company's shareholders for the appointment or removal of directors; and
d) Approving policies for appointments to the boards of entities controlled by the company.

4.2 The board shall comprise a majority of non-executive directors of which at least one third will be independent, a majority of whom are ordinarily resident in Kenya.

4.3 The size of the board shall be determined in accordance with the articles of association and needs of the business.

4.4 The board shall have a policy to ensure the achievement of diversity in its composition.

4.5 Collectively, the board members shall have a broad range of financial and other skills, experience and knowledge necessary to guide the business of the company.

4.6 The board shall determine and regularly review the composition of the board having regard to the optimum number and skills mix of directors, subject to the limits imposed by the company's articles of association and the terms served by existing non-executive directors.

4.7 Non-executive directors shall be engaged through a letter of appointment setting out the main terms and conditions relative to the appointment.

4.8 The period of office of directors shall be as follows:

a) Directors shall hold office for such period as may be prescribed by the articles of association. Any directors appointed other than at a general meeting shall serve office until the next annual general meeting at which they will retire and be available for re-election.

b) All directors are subject to retirement by rotation and re-election by shareholders at least once every three years, consistent with the articles of association.

c) The termination of service of any executive director for whatever reason shall result in the resignation of that director from the board.

4.9 Appointments to the board shall only be on the recommendation of the nominations and remuneration committee and the process shall be formal and transparent.

4.10 On appointment to the board, non-executive directors shall receive a formal letter of appointment setting out clearly what is expected of them in terms of their roles and responsibilities, time commitment, committee service and involvement outside board meetings. This board charter shall be attached to all letters of appointment and be specifically incorporated by reference.

4.11 An induction programme aimed at acquiring an understanding of the company, its operating environment and the markets in which it trades shall be conducted for all newly appointed directors.

4.12 The retirement age for a director shall be 70 years. Shareholders may however be entitled to re-elect a director who has exceeded this age of 70 years in the manner provided for in the articles of association and the Companies Act 2015.

4.13 The board shall establish a nominations and remuneration committee with the objects, inter alia, of ensuring directorship continuity, overseeing the succession planning of directors and the regular review of the performance of the board, the board members and board committees.

4.14 Any director shall be at liberty to accept appointments to other boards, provided that such appointments do not result in any conflicts of interest with the company. No director shall serve on the board of more than three public listed companies. The appointment of an executive director to another board shall be subject to the policy adopted by the company.

4.15 The structure of the board shall comprise of a number of directors that fairly represents the company's shareholding structure. The composition of the board shall not be biased towards representation by a substantial shareholder but shall reflect the company's broad shareholding structure. The composition of the board shall provide a mechanism for representation of the minority shareholders without undermining the collective responsibility of shareholders.

5. FUNCTIONS OF THE BOARD, MANAGING DIRECTOR, CHAIRMAN AND THE COMPANY SECRETARY

The roles of the management and board are different in that; managers concentrate on management functions of a company, which entails; planning, organizing, controlling and directing while directors concentrate on the governance of a company. The key functions of the board will include the following:

(a) Define the company's mission, vision, its strategy, goals, risk policy plans and objectives, including approval of its annual budgets

(b) Review capital expenditures, corporate performance and strategies regularly;

(c) Identify corporate opportunities as well as corporate risks in the operating environment as well as mitigations of such risks.

(d) Development of an appropriate staffing and remuneration policy.

(e) Regular review and update of internal controls and compliance.

(f) Take consideration of the interests of shareholders and stakeholders;

(g) Upholding of the corporate disclosure principle.

(h) Monitor the effectiveness of the corporate governance practices.

(i) Being responsible for the company's senior management and personnel including appointing and, where appropriate, removing the chairman.

(j) Ratifying the appointment, and where appropriate, the removal or appointment of the managing director and the company secretary.

(k) Delegating appropriate powers to the executive committee and senior management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers.

(l) Ensuring that policies and procedures in place are consistent with the company's objectives, and that the company and its officers act legally, ethically and responsibly in all matters.

(m) Select and set compensation for the managing director; approve the selection and compensation of senior management; evaluate the performances of the managing director and senior management; periodically review plans for management succession; and assess the soundness of the organizational structure.

(n) At least annually, evaluate the effectiveness of the board as a body and evaluate effectiveness of other committees.

(o) Determine the structure, composition and responsibilities of the committees of the board.

(p) The board collectively, and each director individually, has the right to seek independent professional advice, subject to the approval of the chairman.

5.1 Role and Responsibility of the Managing Director:

The board shall appoint a managing director who leads the management and also takes hands on role in the company day to day management to oversee all the operational aspects involved in running the company.

The managing director has overall responsibility for the company which involves engineering and controlling the company's growth and future expansion.

5.1.1 Functions of Managing Director:

The overall role of managing director is to implement the board policies and management decision-making powers. Key functions include the following:

(a) Implementation of the board's corporate decisions because he/she is in charge of the day to day management of the company;
(b) Provide clear flow of relevant and accurate information to the board;
(c) Develop, in conjunction with the board, the company's vision, values, and goals.
(d) Bear responsibility for the achievement of corporate goals and objectives.
(e) Development of short, medium and long term corporate strategies and planning to achieve the company's vision and overall business objectives
(f) Encourage staff commitment and strategically align the corporate culture with the organization's goals and objectives.
(g) Establish and maintain effective and positive relationships with board members, shareholders, customers, suppliers and other government and business liaisons,
(h) Undertake the role of key company spokesperson.

(i) Recommend policies to the board in relation to a range of organizational issues including delegations of authority, consultancies and performance incentives
(j) Ensure statutory, legal and regulatory compliance and comply with corporate policies and standards
(k) Ensure appropriate risk management practices and policies are in place.
(l) Promote good corporate governance with the company.

5.2 Role and Responsibility of the Chairman

The board will appoint one of its members to be the chairman in accordance with Sameer Africa Limited's articles of association.

(a) The chairman shall lead the board in oversight of management
(b) The chairman represents the board to the shareholders and communicates the board's position.
(c) The chairman shall be an independent non-executive director.
(d) The functions of the chairperson and the managing director shall not be exercised by the same individual and the chairman cannot serve as managing director at the same time and shall not have served as the managing director at any time during the previous three years.

5.2.1 Functions of the Chairman of the Board

(a) Leading the board in oversight of management;
(b) Chairing board meetings;
(c) Set objectives to be achieved by the board both in long and short-term;
(d) Provide guidance to other board members on what is expected of them;
(e) Ensure that board meetings are effective in that:
    (i) the right matters are considered during the meeting (for example, strategic and important issues);
    (ii) matters are considered carefully and thoroughly;
    (iii) all directors are given the opportunity to effectively contribute; and

(f) Brief all directors in relation to issues arising at board meetings.
(g) Ensure that the decisions of the board are implemented properly.
(h) Ensure that the board behaves in accordance with its Code of Conduct
(i) Commence the annual process of board and director evaluation.

(j) Delegate to and in conjunction with the managing director, undertake appropriate public relations activities
(k) Be the spokesperson for the company at the annual general meeting.
(l) Be kept fully informed of current events by the managing director on all matters which may be of interest to directors.
(m) Regularly review with the managing director, and such other directors, senior officers and consultants as the managing director recommends, progress on important initiatives and significant issues facing the company.
(n) Provide mentoring for the managing director; and
(o) Initiate and oversee the annual managing director's and, where applicable, non-executive directors evaluation process.

5.3 Role of the Company Secretary

a) The company secretary shall be responsible for the co-ordination of all board business, including agendas, board papers, minutes, communication with regulatory bodies, the Nairobi Securities Exchange, the Capital Markets Authority and all statutory and other filings.
b) The board shall appoint at least one suitably qualified company secretary who shall be a practicing member of the Institute of Certified Public Secretaries of Kenya in good standing.
c) Appointment and removal of a company secretary will be subject to board approval.
d) All directors shall have direct access to the company secretary.
e) The company secretary shall not be a member of the board.

5.3.1 Functions of the Company Secretary

(a) Provide guidance to the board on its duties and responsibilities and on other matters of governance.
(b) Ensure there is timely preparation and circulation of the board and committee minutes and other relevant papers.
(c) Assist in the coordination of the board evaluation exercise;
(d) Coordinate the governance audit process.
(e) Have custody of the company's seal and accounting for its use.
(f) Maintenance and update of the register of conflict of interest.

(g) Ensure there is effective communication between the company and shareholders.

(h) Recording, maintaining and distributing the minutes of all board and board committee meetings as required.

(i) Maintaining a complete set of board papers at the company's main office.

(j) Preparing for and attending all annual and extraordinary general meetings of the company.

(k) Recording, maintaining and distributing the minutes of all general meetings of the company.

(l) Handle company's legal matters.

(m) Coordinating legal compliance audits.

(n) Facilitate effective communication between the company and the shareholders.

5.4 Role and Responsibility of the Board of Directors

The role of the board is to provide leadership and strategic guidance to the company and its related subsidiaries, in addition to overseeing management's implementation of the company's strategic initiatives. The board is accountable to shareholders for the performance of the company's businesses. In performing its role, the board aspires to excellence in governance standards.

This requires the board to work as a team and meet on a regular basis.

5.4.1 The key functions of the board are as follows:

(a) Approving the strategic direction of the company and significant corporate strategic initiatives.

(b) Approving the company's annual targets and financial statements and monitoring financial performance against forecast and prior periods.

(c) Determining dividend policy and the amount, nature and timing of dividends to be paid.

(d) Considering and approving the company's overall risk strategy and frameworks for managing all categories of risk, including credit, market, liquidity, equity, reputation and operational risk.

(e) Considering the social, ethical and environmental impact of Sameer Africa Limited's activities, setting standards and monitoring compliance with Sameer Africa Limited's sustainability policies and practices.

(f) Overseeing the various committees and their evaluation.

(g) Reviewing and approving non-executive directors' board and committee fees, including fees for the company's non-executive directors appointed to major Sameer Africa Limited subsidiaries, subject to the board fee being approved by shareholders.

(h) Selecting, appointing and determining terms of appointment of the managing director and all members of the executive committee.

(i) Determining corporate goals and objectives.

(j) Setting the remuneration of the managing director and evaluating the performance of the managing director in light of these objectives.

(k) Considering and approving the company's remuneration policy.

(l) Determining the size of bonus / incentive as part of Sameer Africa Limited's annual plan based on consideration of pre-determined business performance indicators and the financial soundness of Sameer Africa Limited.

(m) Providing oversight and monitoring of workplace, health and safety issues at the company and considering appropriate reports and information.

5.4.2 The board shall be satisfied that the company has a sound communication policy and that it communicates regularly, openly and promptly with its shareholders and all relevant stakeholders, with substance prevailing over form.

5.4.3 The responsibility for the day-to-day management of the company shall vest with executive management within the powers and authorities delegated to it by the board. The board shall afford executive management strategic direction and support in the execution of its duties.

5.4.4 Board members shall have unrestricted access to all company information, records, documents and property. The company secretary shall assist the board or any member thereof in providing any information or document that may be required.

6. BOARD COMMITTEES

6.1 The board has established committees to assist the board in exercising its authority.

6.2 The board shall establish (and may amend) committee charters for each committee.

6.3 The delegation of authority to board committees or management shall not mitigate or discharge the board and its directors from their duties and responsibilities.

6.4 The standing board committees are as follows:

a) Board finance committee
b) Board audit, risk and corporate governance committee;
c) Board nominations and remuneration committee;

6.5 The board may establish ad hoc committees from time to time to consider matters of special importance or to exercise the delegated authority of the board.

6.6 The board will determine the charters of standing and ad hoc board committees, which will set out the roles and responsibilities of each committee.

6.7 The board will determine the membership and composition of board committees, having regard to workload, skills and experience and any regulatory requirements.

6.8 Each committee shall have formal terms of reference that shall be approved by the board.

6.9 The chairman of each committee shall report back to the board at each board meeting on a general principle of transparency and full disclosure.

6.10 Board committees and members are authorised to obtain independent outside professional advice as and when considered necessary. The company secretary shall assist the board committees and members in obtaining any such professional advice.

6.11 The board shall be able to impose or revoke any regulation and/or delegation of authority, by which any committee or individual shall operate, at any time by recording its decision in the board minutes.

7. MATTERS RESERVED FOR DETERMINATION BY THE BOARD

The board shall define levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management. Delegated matters shall be evaluated on a regular basis.

The following matters shall be reserved for decision by the board on the basis of any recommendation that may be made from time to time by the committees of the board and/or management.

7.1 Strategic Issues:

The board shall steer the company strategy and ensure performance, social and environmental sustainability. This will entail the following:

a) Approval of the strategy, business plans and annual budgets and approval of any subsequent material change in strategic direction or material deviations in business plans;
b) Evaluation of key assumptions and business indicators on which the company's strategic objectives and policies are based;
c) Consideration and approval of any material departure from strategic objectives and policies, including significant re-alignment of the businesses which the group operates or is invested in;
d) Consideration and approval of any major transactions; and
e) Oversight of all important policies regulating the company's relations with its primary stakeholders and any significant issues arising from these relationships.

7.2 Financial Matters

With the guidance of the audit, risk and corporate governance committee and the finance committee:

a) Adoption of any significant change or departure in the accounting policies and practices of the company;
b) Establishment and approval of loan facilities from any financial institution or other body;
c) Approval of annual financial statements, interim reports and all matters related thereto;
d) Approval of interim and annual dividends; and
e) Recommendation to shareholders of any increase or reduction in or alteration to the share capital of the company and the allotment, issue or other disposal

of shares of the company (except for shares allotted under any share incentive scheme).

7.3 Statutory and Administrative, with the guidance of the relevant Board Committee

a) Amendments to the articles of association of the company;
b) Appointment, removal or replacement of the external auditor/s of the company;
c) Convening general meetings of shareholders of the company and approval of the notice of the general meetings of shareholders;
d) Prosecution, defense or settlement of legal or arbitration proceedings, where material, excluding those proceedings that are conducted in the ordinary course of business;
e) Approval of the rules of and amendments to pension and provident funds having a material effect on the actuarial liabilities of those funds;
f) Granting general signing authorities and changes thereto pursuant to the articles of association;
g) Formulation of policies in relation to information communication technology, procurement, human resources, corporate social responsibility, environment, health and safety, community relations and any such other policies relevant to the company's primary stakeholders.

7.4 Regulatory

a) 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;
b) Approval and authority to issue circulars to shareholders of the company;
c) Approval and authority to issue prospectuses, listing particulars, rights offers or takeover or merger documents;
d) Recommendations to shareholders that they approve any ordinary or special resolutions;
e) Recommendations to the shareholders on a particular course of action proposed by the company; and
f) Recommendations in respect of the listing or termination of the listing of the company's shares on any stock exchange.

7.5 Human Resource

a) Appointments to the board, duly assisted by the nominations and remuneration committee;
b) Approval of terms of reference of and changes in the composition of the board;
c) Changes to directors' fees as recommended by the nominations and remuneration committee;
d) Approval of any share incentive scheme, the rules applicable to any such scheme and any amendment to such rules as recommended by the nominations and remuneration committee, for submission to shareholders, if applicable.

8. REMUNERATION

8.1 The remuneration of the directors shall be reviewed by the nominations and remuneration committee and approved by the board and a detailed report including the company's remuneration philosophy shall be published in the annual report.

8.2 The non-executive directors and chairman shall be paid a level of fees appropriate to their office, which shall be reviewed annually by the board after taking independent advice, if necessary.

8.3 No additional fees shall be paid to executive directors as executive directors other than in accordance with service/employment contracts.

8.4 No director should be involved in deciding his or her own remuneration.

9. BOARD MEETINGS

9.1 The chairman shall be responsible, in consultation with the company secretary, for the conduct of all board meetings. This includes being satisfied that the agenda is comprehensive, that all agenda items are appropriate and that recommendations fit within the broad strategic direction set by the board.

9.2 Members of executive management may be invited to attend meetings of the board. Executive management will also be available to be contacted by board directors.

9.3 The board will regularly meet without executive management to deliberate on the business of the company

9.4 The chairman and other members of the board will be available to meet with the regulatory authorities on request.

9.5 The quorum for the meeting shall be as set in the articles of association.

9.6 The board shall in every year formulate a work plan containing a schedule of meetings and activities planned for the year and shall endeavour to ensure that at least one board meeting is held in every quarter.

10. DIRECTORS INDEPENDENCE

10.1 The board has adopted a definition of independence as prescribed under the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015.

10.2 The board shall assesses the independence of directors upon appointment and shall review the independence of member annually.

10.3 The tenure of independent board members shall not exceed a cumulative term of nine years. Upon completion, independent board members may continue to serve on the board subject to re-designation as a non-independent member.

11. BOARD PERFORMANCE

11.1 The board will undertake ongoing assessments and reviews of performance of the board, its committees, the performance of the managing director, company secretary and individual director annually.

11.2 The board shall ensure regular governance audits are carried out to confirm the company is operating on sound governance practices.

11.3 The board shall organize for a legal and compliance audit to be carried out on a periodic basis.

11.4 The board shall in its annual report disclose whether evaluation of the board the chairperson, the managing director and the company secretary have been undertaken

12. SUSTAINABILITY REPORTING AND DISCLOSURE

12.1 Effective communication with stakeholders is essential. Effective reporting should be proactive and transparent. The communication with stakeholders should include reporting on economic, social and environmental issues.

12.2 Communication with stakeholders should be relevant and material and should be well presented. Sustainability reporting should be focused on substance over form and should transparently disclose information that is material, relevant, accessible, understandable and comparable with past performance of the company and the performance of others. Transparent reporting should enable stakeholders to understand the key issues and the standing of the company, with regard to economic, social and environmental issues.

12.3 Honest and open engagement should result in the exchange of information on a trust basis. Good communication could, in more difficult times, result in obtaining support from stakeholders.

12.4 Sustainable reporting and disclosure should be formalized as part of the company's reporting processes. Sustainability reporting emphasizes the principle of materiality, which links sustainable issues more closely to strategy.

12.5 Effective reporting should take place on a regular basis. Regular engagement with stakeholders, on a basis more frequent than once a year is essential. Such engagement should focus on the needs of different stakeholders. The company should determine the most effective means of engagement with stakeholders.

12.6 Sustainability reporting and disclosure should have independent assurance. A formal process of assurance by an independent party is essential for impartial sustainability reporting.

12.7 Sustainability reporting is a board responsibility. Sustainability reporting is designed to add value by providing a credible account of the company's economic, social and environmental impact.

13. CORPORATE CITIZENSHIP, LEADERSHIP INTEGRITY AND RESPONSIBILITY

13.1 The board shall ensure that the company acts and is seen to be a responsible corporate citizen. The board, in addition to being responsible for corporate performance is responsible for the triple bottom line, consisting of:

(i) Economic
(ii) Social
(iii) Environmental

13.2 By emphasizing the triple bottom line, in addition to operational performance, a company is able to protect and improve its reputation. The triple bottom line enables a company to be relevant to society and the natural environment, in which it operates.

13.3 It is essential for the business enterprise to be economically, socially and environmentally sustainable. Good corporate citizenship results in the business enterprise being able to protect, enhance and invest in the wellbeing of society and in the natural ecology. A holistic approach to economic, social and environmental issues allows for the effective management of business opportunities and risks.

13.4 International society encourages voluntary action by the business enterprise, which exceeds the scope of legal compliance, while simultaneously enforcing minimum standards, by legislation. In order to ensure the maximum impact businesses should work together in their ongoing enrichment of society.

13.5 Good corporate citizenship shall be integrated into the culture of the company. In the context of sustainable development, corporate citizenship considers the rights and responsibilities of companies – these relate to:

(i) How effectively the company governs its operations;
(ii) How the company manages its employees in the workplace;
(iii) How the company engages external stakeholders;
(iv) How the company minimizes its effect on the environment;
(v) How companies help all citizens to become meaningful economic partners;
(vi) Good corporate citizenship results in a company having comprehensive policies and practices, in respect of society, communities and the environment.

13.6 Good corporate citizenship transforms relationships in that individual workers and stakeholders are able to communicate openly. This ensures that the business enterprise is aligned to the society in which it operates and that those involved in the operation of the company begin to align their personal and company values. The company shall develop strategies and policies to guide its activities, to fall in line with the actions of good corporate citizenship. Corporate citizenship should be relevant to the national needs.

13.7 The tangible programmes and results, adopted, include:

(a) Transformation

(b) Human rights

(c) Human capital

(d) Social capital

(e) Safety

(f) Health

13.8 Good corporate citizenship programmes require the commitment of leaders and a focus on corporate citizenship, as distinct from public relations. Corporate Governance requires the board to ensure that the company is run ethically. A foundation of ethical values shall pertain in all aspects of the board's responsibility for:

(i) Audit and risk management

(ii) Managing stakeholder relations

13.9 Two main functions, which form an integral part of Corporate Governance, for which the board is responsible, are as follows:

(a) Strategic direction

(b) Responsibility for the control of the company.

13.10 The emphasis on the stakeholder model of governance, emphasizes that the board shall be accountable, not only to the company, but should take account of the legitimate expectations and interests of its stakeholders, when making decisions. Decisions of the board and executive management shall be based on the following ethical values:

(i) Responsibility: The board is responsible for assets and ensuring that the company follows its strategic plan.

(ii) Accountability: The board is accountable to shareholders and other stakeholders.

(iii) Fairness: The board should take account of the interests of all stakeholders when making its decisions.

(iv) Transparency: The board should make comprehensive disclosure of all matters, in a clearly understandable manner.

13.11 There are five moral duties of directors namely:

(a) Conscience: This involves:

(i) Intellectual honesty;

(ii) Avoiding conflicts of interest

(b) Care: Directors are required to exercise care in the affairs of the company.

(c) Competence: Directors should have the knowledge and skill required to be directors of a company.

(d) Commitment: Directors should be diligent.

(e) Courage: Directors should have the courage to take decisions regardless of the risks.

13.12 The board shall cultivate and promote an ethical corporate culture. The board is responsible for creating and implementing an ethical corporate culture. The board should ensure that an ethical management process exists, which consists of the following:

(a) Ethics, risk and opportunity profile: Account should be taken of the negative ethical risks as well as the positive ethical risks.

(b) Code of Ethics: The Company should ensure that a code of ethics is developed. This will guide the company in its ongoing relationship with stakeholders.

(c) Integrated ethics: It is the board's responsibility to ensure that the ethical standards of ethics are included in the company's strategies and operations.

(d) Ethical performance reporting and disclosure: The board is responsible for assessing the company's performance in the implementation of ethics.

(e) Ethical performance should be disclosed to stakeholders.

13.13 An ethical corporate culture requires:

(i) that all directors follow ethical standards;

(ii) that the interests of all stakeholders should be taken into account in making decisions;

(iii) that the conduct of individuals needs to improve moral values;
(iv) that business activities should be conducted with integrity, fairness and vision;
(v) that fair competition practices are followed in all aspects of the business activity;
(vi) that poor performance is never blamed on the exercise of good ethical standards.

14. ETHICAL STANDARDS AND CONFLICT OF INTEREST

14.1 Board members are expected to observe the highest standards of ethical behaviour.

14.2 The board supports, encourages and has adopted policies which require directors and employees to observe high standards of personal integrity and display honesty in their dealings. These policies include a Code of Ethics and Conduct and a policy on conflict of interest, amongst others.

14.3 Directors are expected to avoid any action, position or interest that conflicts with an interest of Sameer Africa Limited, or gives the appearance of a conflict.

14.4 A director that has a material personal interest in a matter that relates to the affairs of Sameer Africa Limited must give the other directors notice of such interest.

14.5 The company secretary will maintain a register of dealings in securities and declarations of interest by directors and report them to the board as necessary.

15. DIRECTORS FIDUCIARY DUTIES

Each board member shall:

a) Exercise a reasonable degree of care and skill
b) Act in the best interests of the company and not for any other purpose
c) Act honestly at all times and shall not place themselves in a situation where personal interests conflict with those of the company
d) At all times exercise independent judgement
e) Devote sufficient time to carry out their responsibilities and enhance their skills
f) Promote and protect the image of the company
g) Owe a duty to the company and not to the nominating director

16. RISK MANAGEMENT

16.1 **Risk management is inseparable from the company's strategic and business procedures**. Business involves the undertaking of risk for reward. While risks may be mitigated, a company should decide on its risk appetite and proceed with its business to operate with as little risk as possible.

The board is expected to exercise the duties of care, skill and diligence in identifying and monitoring risks. Risk management is the practice of identifying and analysing the risks associated with the business. Risk management should seek to provide interventions that optimise the balance between risk and reward within the company.

16.2 **Management is responsible for the implementation of risk management processes**. Management, led by the managing director, is responsible and accountable for risk management. The managing director should be at the forefront of all attempts to manage risk. Risk is primarily the responsibility of line management and this should be reflected in letters of appointment and key performance areas. While consultants may be appointed, line management remains responsible for risk management. The risk is mitigated by internal controls. To effectively manage risk requires an inclusive team based approach. It may be necessary to establish an audit risk and corporate governance committee. The performance of management in managing risk should be evaluated annually.

16.3 **Risk management should be practised by all staff in their day to day activities**. A culture of risk management should be inculcated in the company. Risk management should be as simple as possible, in order to involve all employees of the organisation.

16.4 The board is responsible for the process of risk management. The board must decide on the company's appetite for risk and the company's ability to bear the consequences of risk. Risk should be evaluated in terms of high and low probability and in terms of severity. The board should ensure that a comprehensive risk assessment is undertaken on a regular basis. The board's responsibility for risk management should be expressed in the board charter and be supported by training and induction processes. The board should ensure that there is adequate disclosure of risk tolerance and risk management processes in the annual report.

16.5 The board should approve the company's chosen risk philosophy. The company's risk philosophy may include:

(i) Appetite for risks
(ii) Downside risk tolerance limits
(iii) Regulatory compliance
(iv) Safety and health
(v) Sustainability management
(vi) Corporate Governance

Determining the risk appetite will differ with the business/industry. In the course of considering risk appetite, the board should consider:

(vii) Materiality levels
(viii) Insurance excesses/retention levels

16.6 The Board should adopt a Risk Management Plan. The Risk Management Plan:

(a) requires annual review
(b) should not be designed by management
(c) should not be isolated from the company's strategic plan
(d) should be approved by the board

In the course of designing the process of risk management, account should be taken of:

(i) risk appetite
(ii) risk philosophy
(iii) short and long term philosophies

The priorities and target dates for implementation of the Risk Management Plan should be specified. Risk management processes should be taken account of when budgeting and preparing the business plan.

16.7 The board may delegate the responsibility of risk management to the audit risk and corporate governance committee. The board may appoint a dedicated audit risk and corporate governance committee. However, where the risks are predominantly financial in nature, the risk management responsibility may be delegated to the audit risk and corporate governance committee.

Although executives may not be members of the audit risk and corporate governance committees, they should attend the committee meetings in order to make their detailed knowledge available for risk management purposes. Risks that could affect the sustainability of the company should be addressed as a matter of priority.

The audit risk and corporate governance committee may, at the discretion of the board, be delegated the responsibility of evaluating insurances.

The audit risk and corporate governance committee may, in addition, be tasked with:

(i) overseeing IT strategy;

(ii) reviewing governance matters;

(iii) risk management of a general nature, on behalf of the board

The audit risk and corporate governance committee should be chaired by a non-executive director, with a minimum of two members and should meet at least twice a year. The audit risk and corporate governance committee should evaluate the risk management security of the company.

The responsibilities of the audit risk and corporate governance committee should include:

(i) register of key risks

(ii) estimated costs of significant losses

(iii) whether risk management costs are consistent with the risk profile

16.8 Risk assessments should be performed on an ongoing basis. A realistic perspective of material risks should be available for review by the board and management. This is facilitated by an ongoing risk assessment. Risk assessment should be conducted at least annually. Risks to be taken into account include:

(a) stakeholder risk

(b) reputational risk

(c) compliance risk

(d) ethics risk

(e) sustainability risk

(f) social risk: This includes social investment, employment equity, skills development and staff retention.

16.9 **The board should approve key risk indicators and tolerance levels**. Operational risk tolerance levels should be aligned to the company's risk appetite. Indicators should be used to check whether actual results are within the acceptable risk tolerance levels.

Risk tolerance levels should be established for each key risk. Tolerance levels are considered against the backdrop of the company's strategy and business objectives. Tolerance levels should be evaluated by studying their potential effect on company objectives.

16.10 **Risk identification should be directed in the context of the company's purpose**. Risk identification should be relevant to the company's objectives. They should, however, not be limited to strategic risks. A thorough approach to risk identification may include the use of data analysis, business indicators, market information, loss data, scenario planning and portfolio analysis.

16.11 **The company should ensure that key risks are quantified and are responded to appropriately.** The board should decide which risks are significant. The key risks should be quantified, where practical, to develop a clear understanding of the relevance of risks. An assessment of the company's resilience to risk and loss should be calculated. The most relevant of the risks should be the subject for immediate action.

Many risks could be validated with relevant stakeholders. The risk response option should be carefully evaluated. This may include:

(i) avoiding the risk

(ii) improving the control environment

(iii) transferring the risk

(iv) accepting the risk

(v) exploiting the risk

(vi) terminating the activity that gives rise to the risk

(vii) integrating a series of risk responses

The company should review a register of the company's key risks on a regular basis. Management should report to the board on the significant risks and the effectiveness of internal controls.

16.12 **Audit and risk department should provide independent assurance on the risk management process.** The audit and risk function should review and comment on the level of risk management maturity. Changes to the internal and external environment may give rise to new or changed risks. This should be advised to the board.

Management should report on how a risk management culture is being inculcated in the organisation. The level of unacceptable risk probability should be disclosed to the board. Consideration should be given to combining the ethics and compliance functions.

16.13 **The board should report on the effectiveness of risk management**. The board should assess the company's risk management maturity and disclose its findings in the annual report. The report should indicate the system used to identify and evaluate risk. The board should disclose material losses suffered in the period under review. If the board is unable to make the disclosures with regard to risk, it should explain why this is the case.

16.14 **The board should ensure that the company's reputational risk is protected**. External perceptions of the company's standing and its reputation are affected by the level of risk and the manner in which the company manages this risk. It is evident that effective risk management can improve the company's credit rating. Reputation can be regarded as the sum of the images that can be equated to the performance and behaviour of the company over time as well as how this is communicated to the various stakeholders.

A company's reputation is based on many factors, including the value of the company to the community and the trust that exists with stakeholders. Adding value to the reputation of the company is equal to adding value to the company. The vulnerability of companies to reputational damage should be noted.

16.15 The board should determine the extent to which risks relating to sustainability are addressed and reported on. The essence of sustainability risk management is to protect the value of the company's intangible assets by combining various elements of risk management into a sustainable and economic enterprise risk management system. The question of whether or not a company is a going concern has an effect on the economic value of the company. The company should conduct an assessment of its environmental risk. An environmental impact assessment should include:

(i) activities of the company which effect the environment

(ii) an assessment on whether or not the company falls into a high or low impact sector

The risk assessment should pay due significance to:

(a) energy use

(b) compensation

(c) vulnerability to risk

It is important that the company should adopt policies and procedures to develop, retain and manage human capital in an effective manner. It is necessary for a company to continuously evaluate whether or not it has sufficient skills and expertise to develop the sustainability of the business. An analysis is required of how the business operations and strategy could change.

16.16 The board should ensure that IT is aligned with business objectives and sustainability. Information technology is essential to manage the transactions information and knowledge necessary to initiate and sustain economic and social activities. Accordingly, it is necessary to manage the risks and constraints of IT and to identify the strategic importance of IT. It is recommended that IT governance be placed on the board agenda.

IT governance is essential to the achievement of corporate objectives and information resources, such as people, funding and information. IT governance should focus on four key areas, namely:

(i) strategic alignment with the business and sustainability

(ii) optimising expenses and improving the value of IT

(iii) addressing the safeguarding of IT assets, to ensure disaster recovery and continuity of operations

(iv) resource management: optimising knowledge and IT infrastructure

As IT governance is the responsibility of the board:

(a) Board members should be active in IT strategy and governance

(b) The managing director should provide organisational structures to support the implementation of IT strategy

(c) Chief information officers should provide a bridge between IT and the business

(d) All executives should become involved in IT steering committees

It is important that business and IT plans are linked. The overall objective of IT governance is to understand the issues and strategic importance of IT. The importance of IT in driving and supporting the company's objectives should be emphasised. The board should take ownership of IT governance. This could be done by:

(a) placing IT on the board agenda

(b) challenging management's activities with regard to IT

(c) aligning IT initiatives with real business needs

(d) insisting that IT performance is measured and reported on establishing an IT strategy committee

(e) insisting that there be a management framework for IT governance

The importance of IT security is emphasised. This includes the components of confidentiality, integrity and availability.

16.17 The risk of uncertainty

(i) Uncertainty is a key factor on every strategic decision.

(ii) Decisions are often taken knowing that circumstances could change.

(iii) Trends should therefore be monitored.

17. COMPLIANCE WITH LAWS, REGULATIONS, RULES AND STANDARDS

Companies must comply with applicable laws and regulations. Companies should consider adherence to applicable rules and standards. Companies should disclose the rules and standards to which they adhere, on a voluntary basis.

The board and each individual director should be aware of the laws, rules and standards applicable to the company. The board of directors should identify the laws, rules and standards which are applicable to the company. Individual directors should be informed of relevant laws, rules and standards, including changes in these as part of their induction and continuing professional education. Risk management processes should consider the laws, rules and standards which are applicable to the company.

The board is responsible for the company's compliance with laws and regulations. In order that the board is in a position to assess the company's compliance with laws and applicable rules and standards, it is necessary that individual directors should be briefed on the content of these laws, rules and standards. Compliance with laws, rules and standards should be a standing item on the agenda of the board of directors.

The board should ensure that the company implements an effective compliance framework and process. The company's compliance policy and procedures should be developed by management and approved by the board.

A culture of compliance amongst employees should be encouraged by the company adopting codes of practice which ensure corporate compliance. Key performance indicators should concentrate on the risk of non-compliance factor.

Compliance should form part of the risk management process. Non-compliance with legislation and regulation could result in the reputation of the company and the reputation of stakeholders of the company being adversely affected. Accordingly, the risk of non-compliance should be identified and addressed through the risk management process.

The board shall ensure that a legal audit and corporate governance audit on the company is carried out on an annual basis by professional permitted to do so under the Code

18. MANAGING STAKEHOLDER RELATIONSHIPS

The board should take account of the legitimate interests of stakeholders in its decisions. The stakeholders should be identified. Stakeholder expectations need to be managed and this could effectively be done by an appropriate procedure.

The company should proactively manage the relationships with its stakeholders. Once the shareholders have been identified, a strategy should be developed to communicate with stakeholder groups. On an annual basis the company should consider reporting on its dealings with stakeholders. A close shareholder relationship may enable companies to anticipate, understand and respond to external changes. This should enable it to react more rapidly to an eventuality, when it occurs. The compliance function should have adequate resources to discharge its responsibility.

The company should identify mechanisms and processes that will promote enhanced levels of constructive stakeholder engagement. Constructive engagement with stakeholders should be to the mutual benefit of all parties. Companies should guard against using legal or other processes to frustrate engagement with stakeholders. Nonetheless the company's right to take legal action should not be restricted.

The Board should strive to achieve the correct balance between its various stakeholder groupings, in order to advance the interests of the company. The company should strive to attain a balance between the interests of its various stakeholders, in the interests of the company. Decisions on balancing the interests of stakeholders should be guided by advancing the best interests of the company.

Stakeholders and shareholders should be made aware of the danger of damaging the reputation of the company by making uninformed public statements. The possibility of reducing confrontations by a structured process of engagement should be borne in mind by management and directors.

Transparent and effective communication is important for building and maintaining relationships. By providing stakeholders with sufficient relevant, accurate and honest information, stakeholders can enrich the governance process. The need for transparency should be considered in the light of legal requirements, the maintenance of the company's competitive advantage and access to information. Shareholder reports should present a fair and objective assessment of the activities of the company. The question of who amongst stakeholders should be provided with certain of the shareholder information is a matter which the board should consider.

Because stakeholders are not involved in the business of the company, information should be presented in an easily understandable form. When communicating with stakeholders the board should recognise its duty to protect the long term sustainability of the company.

The board should promote mutual respect between the company and its stakeholders. The company and its stakeholders should adhere to a similar standard of corporate governance, to encourage mutual respect. A realisation of mutual dependence between the company and the stakeholders should be encouraged. It is important to align the employees' best interests with those of the company. It is important for the company to strategically engage its employees. Continuous, respectful and candid employee communications should ensure leadership credibility.

The need for the company to communicate effectively with the Government and observe legislative and regulatory provisions should be emphasised. The involvement and discussion of company objectives with the external auditor can, and often does, have a positive effect on the credibility of the company's financial statements. It serves to improve relationships with the external auditor, to have an effective audit risk and corporate governance committee and reliable financial statements.

The relationship between the company and local communities is of great importance. The company should take action to improve the social and environmental context in which the local community lives. The broadening of a company's social involvement enables the local community to interact with the company.

The relationship with the media requires a degree of mutual respect. Companies should seek to inform and generate accurate and positive media coverage. Regulatory sanctions should be avoided by regular communication and research on the matters which are regulated by law or regulation. An effective communication channel should exist between the companies in a sector and the applicable regulators. The regulators should in turn ensure that companies are aware when compliance is voluntary or mandatory.

Communication with existing and potential investors should be encouraged. Clear and transparent disclosure should be ensured at all times.

Companies should establish a formal process to resolve internal and external disputes. It is necessary for company to resolve disputes and institute procedures to avoid the reoccurrence of disputes.

The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible. Disputes should be resolved by as rapid and cost effective a manner as possible. Once such means is alternative dispute resolution.

19. REVIEW OF CHARTERS

Board and committee charters will be reviewed every two years or as required.

Approved by:

Managing Director ....

Board Chairman ....

Date ....27th March 2017..........