



FIDELITY PRINTERS AND REFINERS (PVT) LTD

BOARD CHARTER

2017

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FIDELITY PRINTERS AND REFINERS (PVT) LTD (FPR) BOARD CHARTER

A. FPR MISSION, VISION AND VALUES

a. Mission

We are in business to provide printing solutions and gold products to satisfy diverse stakeholder needs.

b. Vision

To create and protect value through world class smart solutions.

c. Values

Focus:	Concentrate quality in everything and at all times.
Integrity:	Firm on principles.
Diversity:	Embrace variety.
Unite:	Unify people and act as one.
Collaborate:	Work with others.
Innovate:	Try out new ideas.
Adapt:	Embrace change and be flexible.
Lead:	Guide others and command markets.

The acronym created by the first letter of each value is the word “**FIDUCIAL**”.

FIDUCIAL means founded on trust. FPR is a solid institution built on trust. Be sure to measure up at all times and in all you do!

B. INTRODUCTION:-

I. Complementary to Law and Fidelity Printers and Refiners (Pvt) Ltd Memorandum and Articles of Association

These provisions are complementary to the law and Fidelity Printers and Refiners (Pvt) Ltd Memorandum and Articles of Association and the provisions governing the relationship between the Committees and the Board as contained in the Terms of Reference of the Committees.

II. Charter on Website

This charter shall be posted on the Fidelity Printers and Refiners' website.

C. Chapter I: Composition of the Board; Positions; Committees

I. Board Profile, Size, Expertise and Independence

- a. **Fidelity Printers and Refiners (Pvt) Ltd profile.** The Board shall prepare a profile of its size and composition, considering the nature of the company's business and the desired expertise and background of directors (the "Board profile").
- b. **Number of Board Members**
The Board shall have a minimum of **two** (2) and a maximum of eight (8) directors.
- c. **General Composition.** The Board shall use its best efforts to ensure that:
 - i. Its directors (members) can act critically and independently of one another;
 - ii. Each director can assess the broad outline of the company's overall policy;
 - iii. Each director has sufficient expertise to perform his or her role as a director within the Board Profile;
 - iv. The Directors shall match the Board Profile;
 - v. At least one director shall be a financial expert, meaning he/she has expertise in financial administration and accounting for companies similar to the company in size and sophistication.

II. Appointment and Remuneration of Directors; (Re)Appointment; Term of Office; Resignation

a. Appointment and Remuneration of Directors

- i. There shall be a Nomination/Human Resource Committee consisting of 3 (three) members of the Board.
- ii. The Nomination/Human Resources committee shall:-
 - a. Report to the Main Board,
 - b. In consultation with the Main Board be responsible for appointment of Executive Directors,
 - c. In consultation with the Main Board be responsible for recommending the appointment of Non- Executive Directors to the Shareholder,

- d. In consultation with the Main Board shall be responsible for remuneration of Executive Directors, and
- e. In consultation with the Main Board recommend board fees for all directors for approval by the Shareholder.

b. Appointment of directors.

Directors are appointed by the Shareholders.

c. Substance of Selection and Appointment:

- (i) the candidates age, gender,
- (ii) his or her profession,
- (iii) any convictions for any crimes involving dishonesty, fraud or breach of trust,
- (iv) the positions he/she holds or has held in the past five years (including memberships on any board of directors or management boards/executive committees); and,
- (v) any other information relevant to assess his or her suitability as a member of the Board.

d. Reappointment.

Any reappointment, shall take into account his or her past performance on the Board.

e. Term of Office

Directors shall serve a maximum of 8 (eight) years from the date of their election. A full four term shall be considered to be served upon passage of 4(four) Annual General Meetings. Directors shall take office immediately following the close of Annual General Meeting at which they are elected. No director shall serve more than 2 (two) consecutive 4 (four) year terms.

f. Removal of a Director from Office

A Director may cease to hold office in the following circumstances:-

1. Resigning in writing as a Director;
2. Removed as a Director by members;
3. Retired at the AGM and not re-elected;
4. Disqualified from acting in accordance with the Companies Acts or Memorandum and Articles of Association (bankrupt, health of a director, imprisonment of a Director; and
5. Director is disqualified or restricted by the High Court.

III. Chairman and Vice-Chairman

- a. **Election.** The Chairman and Vice Chairman shall be appointed by the Shareholders. The Vice-Chairman replaces, and assumes the powers and duties of the Chairman when the Chairman is absent.

- b. **Duties.** The Chairman is primarily responsible for the activities of the Board and its Committees. He/she shall act as the spokesman for the Board and is the principal contact for the General Manager (GM). The Chairman shall preside over the Annual General Meeting (AGM) and General Meetings.
- c. **Responsibilities.** The Chairman ensures that:
 - i. Directors, when appointed, participate in an induction programme and, as needed, additional education or training programmes;
 - ii. The directors receive all information necessary for them to perform their duties;
 - iii. The Board has sufficient time for consultation and decision-making;
 - iv. The Committees are properly constituted and function effectively;
 - v. The performance of the directors is evaluated at least once every year;

In addition, the Chairman is primarily responsible for:

- i. Ensuring the Board satisfies its duties;
- ii. Determining the agenda of Board meetings and ensuring that minutes are kept of such meetings;
- iii. Consulting with external advisors appointed by the Board;
- iv. Addressing problems related to the performance of individual directors; and,
- v. Addressing internal disputes and conflicts of interest concerning individual directors.

IV. Company Secretary

- a. **The Secretary.** The Company Secretary shall assist the Board. He or she should report functionally to and is accountable to the Board and reports administratively to the General Manager. He or she should be subjected to a fit and proper test in the same manner as is recommended for a new director.
- b. **General Access.** All directors may go to the Company Secretary for advice or to use his or her services.
- c. **Responsibilities.** The Company Secretary shall see to it that the directors follow correct procedures and that the Board complies with its obligations under law and the company's Memorandum and Articles of Association. The Company Secretary shall assist the Chairman in organising the Board's activities (including providing information, preparing an agenda, reporting of meetings, Board evaluation and training programmes). The Company Secretary is the secretary of the Board and the company.

V. Committees

- a. **Establishment of Committees.** The Board may appoint Committees from among its members to perform specific tasks. The Board shall determine the members of any Committee.
- b. **Board Responsibility for Committee Action.** The Board remains collectively responsible for the decisions and actions taken by any Committee. A Committee may only perform the tasks delegated to it by the Board.
- c. **Committee Reporting.** Each Committee must promptly inform the Board of actions it has taken and major developments of which it becomes aware. Each director has unrestricted access to all Committee meetings and records. The Board shall as set forth in the Terms of Reference of the Committee concerned, receive a report from each Committee putting forward its recommendations.
- d. **Committee Terms of Reference.** The Board shall establish (and may amend) Terms of Reference for each Committee. The Terms of Reference shall indicate the role and responsibilities of the Committee, its composition and how it should perform its duties. The Terms of Reference of a Committee shall require that the Committee has no less than two directors / members.
- e. **Website Disclosure.** The Terms of Reference and the composition of the Committees shall be posted on the company's website.

D. Chapter II: Duties and Powers of the Directors

I. General Duties and Powers

1. Common Law Duties

1.1. Duty of Loyalty

In view of the fiduciary relationship between each director and Fidelity Printers and Refiners (Pvt) Ltd, all directors shall:

- 1.1.1 Promote and act in the best interest of the company;
- 1.1.2 Act in good faith and avoid the fatal flows of abuse of power, greed, sloth, fear, pride and arrogance;
- 1.1.3 Act with a proper purpose in a manner that is consistent with the company's Memorandum and Articles of Association, Shareholder resolutions in a General Meeting and Board decisions;
- 1.1.4 Avoid conflict of interest;
- 1.1.5 Declare or disclose any interest relating to a contract or business with the company to the Board at a meeting where the matter is discussed;
- 1.1.6 Not receive a commission, gift or personal gain/benefit from a third party.
In this regard, every director will observe the cardinal rule that, **'a director may obtain no other advantage from his or her office as a**

director other than that which he or she is entitled to by way of director remuneration’; and

1.1.7 Not make use of any information acquired in an official capacity as a director of the company for personal gain.

1.2. Duty of Care

1.2.1 Each director shall act on an informed and prudent basis towards the decisions of the Board. Each director shall participate effectively in Board and Committee meetings;

1.2.2 Each director shall avoid discharging his or her duties in a negligent manner;

1.2.3 Each director will diligently carry out his or her duties applying the skills that he or she possesses; and

1.2.4 Each director will attend Board meetings, having read and reviewed available board documents/papers.

1.3. Duty to Act Within the Powers

1.3.1 Each director shall acquaint themselves with the provisions of the Companies Act together with company’s Memorandum and Articles of Association as source documents for the powers of the director; and

1.3.2 Directors shall not act beyond their powers as set out in the source documents.

1.4. Fiduciary Duties

1.4.1 Each director has a duty to act with honesty and in a faithful and trustful manner, putting his or her duty before personal interest.

1.4.2 Each director shall act with good faith;

1.4.3 Each director shall act with proper purpose;

1.4.4 Each director shall not make secret profits;

1.4.5 Each director shall avoid conflict of interest; and

1.4.6 Each director shall maintain confidentiality.

II. General Responsibilities of the Board

a. **Board oversight.** The Board shall oversee the general business of the company. The entire Board is responsible for such supervision and oversight,

b. **The Board shall act in the Interest of the company.** The Board shall act in the best interests of the company and its business, taking into consideration the interests of the company’s shareholders and other stakeholders. Directors shall perform their duties, exercising independence of thought and without a conflict of interest.

- c. **Quality of performance.** The Board is responsible for the quality of its own performance.
- d. **Action in Concert.** As much as they can, within their individual responsibilities as members of the Board, directors shall act and speak in concert with respect to important affairs and matters of principle.
- e. **Provision of Information.** The Chairman and the General Manager (GM) shall see to it that management provides the Board and Board Committees with information they need to properly function, in a timely manner.
- f. **Responsibility for obtaining Information.** The Board and its individual directors have a responsibility for obtaining all information from management, the internal and external auditors needed to carry out their duties. If the Board thinks it is necessary, it may obtain information from external advisers of the company. The Company Secretary shall assist the Board in obtaining such information. The Board may require certain officers and external advisers to attend to provide information needed, but never to vote at its meetings.
- g. **Access to Records.** Each director shall have access to the books and records of the Company, if useful to perform his or her duties. Unless the Terms of Reference of a Committee state otherwise, directors shall consult with the Chairman and the Company Secretary before exercising their rights under this provision.
- h. **Use of Experts.** The Board may hire experts to assist or advise them. The cost of such experts shall be agreed to by the Board and shall be paid by the Company. A director may rely upon the advice of a relevant expert so long as the member has no reason to question the expert's report or conclusion.

III. Duties Regarding the Supervision of Management

- a. **Nature of Supervision.** In supervising management, the Board shall consider;
 - (i) the achievement of the Company's objectives;
 - (ii) the strategy and risks in the Company's activities;
 - (iii) the structure and operation of the internal risk management, and audit and control systems;
 - (iv) the financial reporting process;
 - (v) compliance with law and regulation; and,
 - (vi) any other matters the law requires the Board to consider.
- b. **Financial Reporting.** The Board shall supervise the Company's financial reporting.
- c. **Annual Risk Review.** At least once a year, the Board shall discuss the Company's strategy and business risks, the management's assessment of

the internal risk management and control systems, and any significant changes to such systems.

- d. **Resolutions Subject to Approval.** The following resolutions are subject to the approval of the Board:
 - i. Determining and amending the operational and financial strategic objectives of the Company;
 - ii. Determining and amending key performance indicators in support of the strategic objectives (including, for example, any financial ratios);
 - iii. The resolutions listed in Annex 1 of the charter; and,
 - iv. Any other matters that the Zimbabwean laws or regulations or the Company's Memorandum and Articles of Association require the Board to approve.

IV. Duties Regarding the Directors and the Performance of the Board

- a. **Duties Regarding Board.** The duties of the Board (in consultation with the appropriate Board Committees) in relation to the directors include:
 - i. The nomination of prospective directors (the appointment is made by the Shareholders) and making recommendations for directors' remuneration to the Shareholders.
 - ii. The establishment of Committees and defining their role, the evaluation of the performance of the Board, its individual directors and its Committees (including an evaluation of the Board Profile and induction, education and training programmes); and,
 - iii. Addressing any conflict of interest issues between the Company and directors.
- b. **Board Self-Assessment at least once a year.** The Board shall discuss its own activities and those of its individual directors, the effectiveness of such activities, and the composition and competence of the Board. In this regard, the Board shall evaluate the entire Board's performance, the performance of the Chairman, that of the Committees and performance of individual directors.

V. Other Duties of the Board

- a. **General Duties.** The other duties of the Board include:
 - i. Duties regarding the external auditor as described in Section D.VI. of this Board charter and the Audit Committee; and,
 - ii. Other duties imposed by law, the Company's Memorandum and Articles of Association, this Charter and the Terms of Reference of a Committee.
- b. **Annual Report and Accounts.** The Board shall draw up a report describing its activities in the financial year, and containing the

statements and information required by law and the Company's Memorandum and Articles of Association.

VI. Supervision of Financial Reporting

- a. General Supervision Responsibilities.** The Board, in consultation with the relevant Committee shall supervise compliance with written procedures for the preparation and publication of the annual report and accounts, and any other financial information. The Board, through the Audit Committee, shall also supervise the internal controls and audit mechanisms for external financial reporting.
- b. Discussion of Financial Reports.** The Committee responsible for finance shall regularly, and in any event as soon as possible, call upon management to provide the Committee with reports on the annual performance and accounts, which will then be discussed at a meeting of the Board. The annual report and accounts for the year just ended shall be discussed in a Board meeting within four months of the year end.
- c. External Auditor.** The Board shall ensure that the external auditor attends the meeting of the Board at which the report of the external auditor with respect to the audit of the annual accounts is discussed, and at which the Board shall decide whether or not to approve the annual accounts. The external auditor shall be given the opportunity to respond to all information.
- d. Audit Committee is Principal Contact with External Auditor.** The Board's principal contact with the external auditor is through the Chairman of the Audit Committee. If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities should be between the Audit Committee and the external auditor.
- e. Recommendations by External Auditor.** The Board shall carefully consider and, if accepted, put into effect any recommendations made by the external auditor. This will include recommendations by the external auditor on the Company's internal controls, as expressed in the 'management letter'.

VII. Duties Regarding Nomination and Assessment of External Auditor

- a. Appointment of External Auditor.** The external auditor shall be appointed by the Shareholders at the AGM. The Board shall nominate a candidate for this appointment to the AGM based on an open, transparent and competitive selection process, and may recommend replacement of the external auditor. The Audit Committee shall advise the Board on such matters.
- b. Compensation of External Auditor.** The compensation of the external auditor shall be approved by Shareholders at the AGM.

- c. **Instructions to the External Auditor:** Instructions to the external auditor to provide audit services, shall be closely reviewed and approved by the Board on the recommendations of the Audit Committee, thus ensuring for the auditor's independence.
- d. **Reports to the Board.** The Audit Committee shall report their interaction with the external auditor to the Board on an annual basis, including their assessment of the external auditor's independence (for example, the desirability of rotating the responsible partners of the external auditor or the audit firm providing both auditing and non-audit services to the Company). The Board shall take this into account when deciding its nomination to the general assembly for the appointment of an external auditor.
- e. **Assessment.** At least once every three years, the Audit Committee shall conduct a thorough assessment of the functioning of the external auditor in the various entities and capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the Shareholder or annual general meeting so it may assess the nomination for the appointment of the external auditor.
- f. **Conflicts of Interest.** Conflicts of interest and potential conflicts of interest between the external auditor and the Company shall be resolved in accordance with the laid down policy or as determined by the Board on the recommendation of the Audit Committee. Directors must inform the Chairman of the Audit Committee of any matters they know of that may compromise the independence of the external auditor or that may result in a conflict of interest between the external auditor and the Company.
- g. **Representation by External Auditor.** When appointed, the external auditor shall state it is aware of:
 - (i) The Company's policy set out in Section D.VI.e; and,
 - (ii) Other matters provided for in the Charter of the Audit Committee and that she/he agrees to abide by and promote such policies.

VIII. Compensation of Management

- a. **Annual Remuneration Report.** The Committee responsible for human resources shall annually prepare a remuneration report setting out the compensation policies and activities of the past year and an overview of the compensation policy and planned activities for the next financial year and subsequent years.
- b. **Approval by the Shareholders.** The remuneration policy planned for the next financial year and subsequent years as specified in the remuneration report shall be submitted to the Shareholder or general assembly for its approval. Every change to the compensation policy shall also be submitted to the Shareholder or general assembly for its approval.

- c. **Remuneration of the General Manager and other Employees.** The Board shall determine the compensation of the General Manager and other members of staff on a proposal by the Committee responsible for human resources and within the terms of the remuneration policy approved by Shareholders or the general assembly.

IX. Relations with Shareholders and Stakeholders

- a. **Equal and simultaneous information.** Where appropriate, the Board shall provide all Shareholders and other key stakeholders with equal and simultaneous information on material matters.
- b. **General Meeting; Record Date; Venue.** The Board shall determine the date and place of any Annual General Meeting (AGM). Unless there is an overriding Company interest to act otherwise, the Board uses its best efforts to provide Shareholders with all information necessary or requested by the Shareholders to properly act at the AGM.
- c. **Compliance with law.** The Board shall ensure all laws and provisions of the Memorandum and Articles of Association are complied with, regarding the rights of the AGM and of individual Shareholders.
- d. **Changes of Corporate Governance.** Any substantial change to the corporate governance structure of the Company shall be submitted to the Shareholders for discussion.
- e. **Attendance by external auditor.** The Board may request the responsible partner (or certifying auditor) of the external auditor to attend the AGM and be available to address the meeting. The external auditor may be questioned by the general assembly in relation to the audit of the Company's financial statements.

E. Chapter III: Board Meetings; Decision Making and Communication

I. Frequency, Notice, Agenda and Venue of Meetings

- a. **Frequency.** The Board shall meet as often as necessary, but not less than four times a year. If possible, meetings shall be scheduled annually in advance according to an annual Board calendar. The Board shall meet earlier than scheduled if deemed necessary by the Chairman of the Board.
- b. **Notice and Agenda.**

Meetings of the Board are called by the Chairman, the agenda of the meeting shall be sent to all directors at least five calendar days before the meeting. For each item on the agenda, an explanation in writing shall be provided and related documentation will be attached. The Chairman shall consult with the General Manager prior to convening the meeting on the content of the agenda. Each director has a right to request that an item be placed on the agenda for a Board

meeting; provided that the item is notified to the Chairman at least five days prior to the meeting.

- ii. Directors who have taken part in a meeting may not object to resolutions adopted at the meeting on grounds of an invalid notice.
- c. **Venue.** Board meetings are generally held at the offices of the Company but may also take place elsewhere. In addition, meetings of the Board may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

II. Attendance of and Admission to Meetings

- a. **Attendance by the General Manager.** The General Manager shall attend Board meetings unless the Board instructs him or her not to attend. If requested by the Board, other executives shall also attend meetings of the Board in whole or in part.
- b. **Undue Absence.** If a director is frequently absent from Board meetings he/she shall be required to explain such absences to the Chairman.
- c. **Attendance by Non-Members.** The admission to a meeting of persons other than directors, and (if invited) other executives shall be decided by a simple majority vote of the directors present at the meeting.

III. Chairman of the Meeting;

Chairman. Board meetings are presided over by the Chairman or, in his or her absence, the Vice-Chairman. If both are absent, one of the other directors, designated by a simple majority vote of the directors present at the meeting, shall preside

IV. Decision Making by the Board

- a. **Preference for Unanimity.** The Board of directors shall try to unanimously adopt resolutions. However, directors are encouraged to voice dissenting opinions and record these in the minutes when unanimity cannot be reached.
- b. **Individual Vote.** Each director has the right to cast one vote.
- c. **Majority Vote; Quorum.** Where unanimity cannot be reached and the law, the Company's Articles of Association or this Charter do not prescribe a larger majority, all resolutions of the board shall be adopted by a simple majority of the votes cast. In the event of a tie, the Chairman shall exercise the deciding/casting vote. At a meeting, the Board may only pass resolutions if the meeting has a quorum.
- d. **Adoption at Meeting.** Resolutions of the Board are adopted at a meeting.
- e. **Written Consent (Round-robin resolutions).** Board resolutions may also be adopted in writing, provided the proposal concerned is submitted to all directors and none of them objects to this form of adoption. Adoption of resolutions in

writing, by circulation shall be effected by statements in writing from all the directors. In this regard, any proposal circulated among all directors and agreed to in writing by all of them, shall have the same effect as a resolution passed by a duly constituted meeting of the Board and shall be ratified and incorporated into the minutes of the succeeding meeting of the Board.

Provided that, if a director requires that such a proposal be placed before a meeting of the Board, this subsection shall not apply to the proposal.

- f. **Minutes.** Minutes must be drawn up for every Board meeting and for every resolution adopted outside a meeting. The minutes are to be signed by the Chairman of the meeting and Company Secretary and then added to the Company's records.
- g. **Certification of Resolutions.** A resolution adopted by the Board may be publicly disclosed only through a statement from the Chairman and the Company Secretary, doing so on the orders of the Board.

V. **Communication**

Communication is of paramount importance between the organisation and the outsiders. Communication with the outside world should be approved by the Chairman or his Deputy or the various Chairmen of Committees so as to avoid situations that may result in antagonistic relationships and undesirable consequences to the nation.

F. **Chapter IV: Other Provisions**

I. **Conflict of Interest of Directors**

- a. **Duty to Disclose.** A director shall immediately report to the Chairman of the Board any conflict of interest and shall provide all relevant information, including information concerning his or her spouse, registered partner or other life companion, child and relatives by blood or marriage up to the second degree. The Board member concerned shall not take part in the assessment by the Board of whether a conflict of interest exists.
- b. **Related Party Transactions.** A potential conflict of interest exists if the Company intends to enter into transaction with a related party. The Company shall develop a policy on how to ensure that the rights of Shareholders are protected during such transactions. A related party includes the following:
 - 1. A director of the Company, Companies to which it is affiliated, and associates.
 - 2. Any subsidiary.
 - 3. The General Manager, other executives, and key officers, including anyone who directly reports to the Board or the General Manager.
 - 4. The father, mother, sons, daughters, husband, or wife.
 - 5. Any business, and the directors, General Manager and officers of any business, in which the natural persons listed in paragraphs (1) to (4) own jointly or severally at least 20% of the voting rights.

6. Any person whose judgement or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons in paragraphs (1) to (5).
- c. **Abstention by Conflicted Party.** A Board member shall not take part in any discussion or decision-making regarding any subject or transaction in which he/she has a conflict of interest with the Company.
- d. **Requirements to Approve Conflicts of Interest.** All transactions in which there are conflicts of interest with directors shall be agreed on terms that are customary for arm's –length transactions in the Company's business. Decisions to enter into transactions in which there are conflicts of interest with directors require the approval of the Board.

II. Induction Programme, Ongoing Training and Education

- a) **Induction Programme.** Upon his or her election, each director shall participate in an induction programme that covers the Company's strategy, general financial and legal affairs, financial reporting by the Company, any specific aspects unique to the Company and its business activities, and the duties and responsibilities of a director.
- b) **Annual Review of Training.** The Board shall conduct an annual review to identify areas where the directors require further training or education.
- c) **Costs for Company.** The costs of the induction course and any training or education of directors shall be paid for by the Company.

III. Other Positions

- a. **No Excess Directorships.** Director shall declare their other positions so as to ensure they can perform their duties as directors of the Company.
- b. **Notice of outside positions.** Directors must inform the Chairman and the Company Secretary of their other positions which may be of importance to the Company or the performance of their duties before accepting such positions. If the Chairman determines that the matter shall be discussed by the Board in accordance with Section E.I. of this Charter then such matter shall be so referred. The Company Secretary shall keep a list of the outside positions held by each Director.

VI. Confidentiality

- a. **Duty to keep information Confidential.** Unless required to do so by law, no director shall, during his or her tenure on the Board or afterwards, disclose any information of a confidential nature regarding the business of the Company and/ or any companies in which it holds a stake, that came to his or her knowledge in

the capacity of his or her work for the Company and which he or she knows or should know to be of a confidential nature.

A director shall not use such confidential information for his or her personal benefit.

- b. **Return of Confidential Information.** At the end of each director's term of office, he or she shall return all confidential documents in his or her position to the Company or guarantee their disposal in a manner that ensures confidentiality is preserved.

Notice of Disclosure. If a Board member intends to disclose to a third party information which he or she has become aware of in his or her duties and which may be confidential, he or she must inform the Chairman of his or her intent and the identity of the person who is to receive the information with sufficient notice for the Chairman to assess the situation and advise the director. This section applies to both official and personal statements and to any person attending Board meetings which are clearly only intended for the Board.

V. Miscellaneous

- a. **Acceptance by Directors.** Anyone who is appointed as a director must, upon assuming office, declare to the Company that he or she accepts and agrees to comply with the provisions of this Charter by appending his or her signature to this Charter as provided. A corresponding reference to this extent shall be included in the director's appointment letter.
- b. **Occasional Non- Compliance.** If permitted by law, the Board may occasionally decide by unanimous decision at its sole discretion not to comply with the provisions of this Charter.
- c. **Amendment.** This Charter may be amended by the Board at its sole discretion without prior notification.
- d. **Interpretation.** In case of uncertainty or difference of opinion on how a provision of this Charter should be interpreted, the opinion of the Chairman shall be decisive.
- e. **Partial Invalidity.** If one or more provisions of this Charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board may replace the invalid provisions by provisions which, are valid and the effect of which, given the contents and purpose of this Charter is to the greatest extent possible, similar to that of the invalid provisions.

F. Annex 1: List of Approvals Required by Board

The approval of the Board is required for:

- I. All material transactions between the Company and Shareholders of the Company;
- II. A resolution on the operational and financial aims of the Company, the strategy designed to achieve the aims, and any parameters to be used in relation to the strategy;
- III. All material transactions in which there are conflicts of interest with directors;
- IV. The appointment and removal of the General Manager.
- V. The appointment and removal of the Company Secretary;
- VI. The remuneration policy for senior management in general and General Manager in particular;
- VII. The annual capital investment budget, all acquisitions and disposals of business activities in the year prior to the acquisitions or disposal;
- VIII. All Financial statements before publication, and,
- IX. All other acts that require the approval by law' or the Company's Memorandum and Articles of Association, or this Charter.

G. Annex 2: Policy Regarding Independent External Auditor

The policy set out below was adopted by the Board on, on a proposal of the Audit Committee.

1. Policy

The Company shall use the service of the external auditor only to the extent this does not prejudice the independence of the external auditor.

II. Terms of Reference

The external auditor must be independent. These regulations are based on the principles that:

- (i) The external auditor must be independent from the client audited, both in mind and in appearance; and,
- (ii) An external auditor is someone who is able, in the light of all circumstances, to form an objective and impartial opinion on all matters that fall within the scope of his or her assignment.
- (iii) An external auditor is not allowed to perform a statutory audit if he or she has financial, commercial, employment or other ties with the client that in the opinion of a reasonable and properly informed third party expert compromises the auditor's independence.
- (iv) The Company may require from the external auditor that he or she maintains the right balance between effectiveness and efficiency, e.g. audit costs, risk management,

independence and reliability. The Audit Committee shall see to it that the external auditor complies with the relevant provisions of the law and the above terms of reference, and may request more detailed explanations and written confirmations from the external auditor that these provisions are followed.

II. Audit Work

a. Audit Work

Audit work is the annual work relating to financial reports of the Company, the assessment of interim financial reports that are disclosed, services that are traditionally provided by the external auditor and that are related to filings and obligations under legislation or regulations, and service that only the external auditor can reasonably provide. The external auditor does not need to go through a tender process for each individual engagement.

III. Rotation of partners Responsible for Audit Work

In order to prevent the external auditor and the Company becoming too close, the number of years a person may be part of the audit team of the external audit, is capped.

Partners of the audit team of the Company who are charged with essential audit tasks must be replaced at most every three years after the start of their involvement. The partners of the audit team of the Company charged with essential tasks who have been replaced are not allowed to work on a new assignment for the Company until at least three years have expired from the date of their replacement.

The Audit Committee shall also supervise the risk of dependency of other members of the audit team of the Company who are involved with the audit for a significant period. The Audit Committee shall consult the responsible partner of the external auditor regularly on safeguard set up by the external audit to assess the risk of dependency and to reduce it to an acceptable minimum level.

IV. Appointment of the External Auditor

The external auditor shall be appointed in accordance with Section C.VI. of this Board Charter. If the decision is taken to call in the service of another external auditor, the tender process approved by the Audit Committee shall be followed.

V. Staff Transfer Restrictions

The Company and the external auditors shall agree on a policy regarding the restriction of staff transfers from the Company to the organization of the external auditors and vice versa, taking into account all relevant legislation and regulations.

This policy is subject to the approval of the Board. In no event, however, shall the Company hire an audit partner or other senior member of the audit staff of the external audit if such person audited, conducted a review or prepared the Company's financial statements during the previous one year, in particular as the Company's Chief Finance Officer.

THE END
