

## **SA CORPORATE REAL ESTATE LIMITED**

### **BOARD CHARTER**

#### **1. Introduction**

- 1.1 The Board of Directors (“Board”) of SA Corporate Real Estate Limited (“SA Corporate” or the “Company”, or where relevant, the “Group”) acknowledges the need for a Board Charter in line with good corporate governance practices as set out in the King V Report on Corporate Governance for South Africa (“King V”) and regards these as fundamentally important to the business success and sustainability of the Group.
- 1.2 This Board Charter (the/this “Charter”) shall be subject to the provisions of the Companies Act 71 of 2008 (as amended) (the “Act”), the Company’s Memorandum of Incorporation (the “Mol”), the JSE Listings Requirements (“JSELR”) and any other applicable law or regulatory provisions.

#### **2. Purpose and Objective**

The purpose of this Charter is to set out the Board’s role and responsibilities as well as the requirements for its membership, its meetings and other procedures.

#### **3. Composition of the Board**

- 3.1 The offices of the Chairman of the Board and the Chief Executive Officer (“CEO”) shall be separate. There shall at all times be a clearly defined division of responsibilities in both offices to ensure a balance of authority and power.
- 3.2 The Board should comprise at least 7 (seven), and no more than 12 (twelve), directors. Directors’ terms of office, election, appointment and rotation, shall be administered in terms of the provision of the Mol<sup>1</sup>.
- 3.3 The Board should comprise a balance of executive and non-executive directors. To maintain a balance of power, the Board consists of a majority of non-executive directors, most of whom must be independent<sup>2</sup>.
- 3.4 There shall be a sufficient number of directors with appropriate proficiencies to ensure that the Board is able to carry out its duties and responsibilities, and there should be an appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.
- 3.5 All Board appointments should be made on merit, having due regard for the benefits of broader diversity, including race, culture, age and gender, which the Board as a whole requires to be effective.
- 3.6 The composition of the Board, including its size, diversity, mix of knowledge, skills and experience must also meet the propriety and fitness standards imposed under the relevant statutory and/or regulatory requirements; these shall be considered by the Nomination Committee, which shall thereafter make appropriate recommendations and nominations to the Board.

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<sup>1</sup> Clause 25 of the Mol.

<sup>2</sup> Independence is determined in accordance with the recommended practices of King V and any other factors which the Board may deem appropriate.

- 3.7 A minimum of 2 (two) executive directors should be appointed to the Board being the CEO and the Chief Financial Officer (“CFO”). The termination of service of any executive director, for whatever reason, shall result in the resignation of that director from the Board.
- 3.8 Directors are appointed through a formal process and the Nomination Committee assists with the process of identifying suitable candidates to be proposed to the Board and shareholders. The Board will approve measurable objectives for achieving broader diversity on the Board, which is appropriate for the Company.
- 3.9 On appointment to the Board, non-executive directors shall receive a formal letter of appointment setting out what is expected of them in terms of their roles and responsibilities, time commitment, committee service and involvement outside of Board meetings. This Charter shall be made available to new directors on appointment and be specifically incorporated by reference in all directors’ appointment letters.

#### **4. Period of office and tenure**

All non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every 3 (three) years, consistent with the Mol and the Act. Non-executive directors shall hold office for a maximum of 9 (nine) consecutive years. The Board may nominate a director who has served more than 9 (nine) years for re-election for additional periods of 1 (one) year at a time, but such director’s term shall not exceed 12 (twelve) years. Any extensions beyond 9 (nine) years shall be subject to an annual independence assessment by the Board and be clearly motivated to balance the Board’s succession plan, collective skills of the Board, the outcome(s) of engagement(s) with major shareholders (to the extent deemed appropriate), and the orderly transfer of Board- and Committee chairmanship/s.

#### **5. Chairman**

- 5.1 The Board shall elect an independent non-executive director as Chairman and will determine his/her term of office, subject to normal rotation requirements as provided for in the Mol.
- 5.2 The Chairman may be re-elected following his/her performance appraisal lead by the Lead Independent Director (“LID”), when appointed, or a director agreed on for that purpose.
- 5.3 The Chairman provides leadership at Board level, represents the Board to the shareholders and is responsible for ensuring the integrity and effectiveness of the Board and its committees. To this end, the Chairman is required to:
  - (a) set the ethical tone for the Board and the Group;
  - (b) provide overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of directors;
  - (c) oversee the formal succession plan for the Board, the CEO and CFO;
  - (d) maintain regular dialogue with the CEO in respect of all material matters affecting SA Corporate and to consult with the other directors promptly when considered appropriate;

- (e) identify and participate in selecting directors (via the Nomination Committee);
- (f) formulate in consultation with the CEO and Group Company Secretary the annual workplan for the Board against agreed objectives, and play an active part in setting the agenda for Board meetings - ensuring that material matters in respect of the business or governance of the Group are tabled at Board meetings;
- (g) preside over Board meetings and ensure that material issues for consideration are tabled and interrogated effectively to ensure optimal Board decision-making and governance, manage conflicts of interest and act as a link between the Board and management, particularly the Board and the CEO;
- (h) ensure that directors play a full and constructive role in the affairs of SA Corporate and take a leading role in the process for removing non-performing or unsuitable directors from the Board;
- (i) monitor how the Board works together and how individual directors perform and interact at meetings;
- (j) ensure that all directors are appropriately made aware of their responsibilities through a tailored induction programme, and ensuring that a programme for Board training is adopted at Board-level;
- (k) be accessible to the CEO between Board meetings to provide counsel and advice;
- (l) in consultation with the Remuneration Committee and the Board, determine the performance objectives of the CEO and CFO and their performance against the objectives; and
- (m) ensure that good relations are maintained with the Company's major shareholders and strategic stakeholders, and preside over shareholders' meetings.

#### 5.4 The Chairman:

- (a) may not be a member of the Audit and Risk Committee;
- (b) may be a member, but not the chairman, of the Remuneration Committee;
- (c) must be a member and the chairman of the Nomination Committee; and
- (d) may be a member but not the chairman of the Social, Ethics and Environmental Committee.

#### 5.5 The Chairman's ability to add value to SA Corporate, and the Chairman's actual performance against criteria developed from his/her formalised role and functions should form part of an evaluation by the Board led by the LID, or another independent non-executive director appointed by the Board, at least every 2 (two) years. The evaluation should take into account other external appointments to determine whether the Chairman has the capacity to discharge his/her duties to SA Corporate.

## **6. Lead Independent Director (LID)**

- 6.1 The Board shall elect an independent non-executive director as LID and will determine his/her term of office, subject to normal rotation requirements as provided for in the MoI.
- 6.2 The main function of the LID is to provide leadership and advice to the Board, without detracting from the authority of the Chairman, when the Chairman has a conflict of interest. Such assistance may be provided:
- (a) at any Board meeting (including meetings of Committees of the Board) or at any other meeting of the Company;
  - (b) at any meeting the Chairman might initiate with the LID;
  - (c) in any consultations that any other director or executive of the Group might initiate with the LID; and
  - (d) in any consultation that the LID might initiate.
- 6.3 The LID fulfils the following functions:
- (a) to lead in the absence of the Chairman;
  - (b) to serve as a sounding board for the Chairman;
  - (c) to act as an intermediary between the Chairman and other directors;
  - (d) to deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate;
  - (e) to strengthen the independence on the Board if the Chairman is not (or no longer regarded) as an independent non-executive director; and
  - (f) to chair discussions and decision-making by the Board on matters where the Chairman is concerned, such as evaluation, succession and independence assessments.
- 6.4 The LID's appointment will be reviewed concurrently with the appointment of the Chairman of the Board.

## **7. Chief Executive Officer**

- 7.1 The CEO, who is the highest executive decision-making authority in the Group, and is delegated with authority from, and accountable to the Board for the development and successful implementation of the Group's strategy and the overall management and performance of the Group within the framework of its policies, reserved powers and routine reporting requirements, consistent with the primary aim of enhancing long-term shareholder value.
- 7.2 The Board appoints the CEO and his duties and responsibilities include the following:
- (a) developing the Group's strategy for consideration and approval by the Board;

- (b) serving as the primary link between management and the Board by leading the implementation and execution of approved strategy, policy and operational planning;
- (c) setting the tone in providing ethical leadership and creating an ethical environment;
- (d) recommending or appointing the executive team and ensuring proper succession planning and performance appraisals;
- (e) developing and recommending to the Board yearly business plans and budgets that support the Group's long-term strategy;
- (f) being accountable and reporting to the Board on the performance of the Group and its conformance with compliance imperatives;
- (g) establishing an organisational structure for the Group which is necessary to enable execution of its strategic planning;
- (h) ensuring that the assets of the Group are adequately maintained and protected;
- (i) ensuring that the Group complies with all relevant laws and corporate governance principles; and
- (j) ensuring that the Group applies all recommended best practices and, if not, that the election not to do so is justifiably explained.

## **8. Group Company Secretary**

- 8.1 The decision to appoint or remove the Group Company Secretary is a Board decision.
- 8.2 The Board should be assisted by a competent, suitably qualified and experienced company secretary.
- 8.3 The Group Company Secretary provides a central source of guidance and support to the Board and within the Group on matters of good governance and changes in legislation. The Board is aware of the duties of the Group Company Secretary and empowers him/her to fulfil those duties. As gatekeeper of good governance, the Group Company Secretary maintains an arm's length relationship with the Board and its directors.
- 8.4 The Group Company Secretary is not a director of the Company, but has a direct channel of communication to the Chairman, the LID and individual directors.
- 8.5 The Group Company Secretary is accountable to the Board to:
  - (a) ensure that Board procedures are followed and reviewed regularly;
  - (b) ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with;
  - (c) maintain statutory records in accordance with legal requirements;

- (d) provide the Board as a whole, and individual directors, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of SA Corporate and on good governance general;
- (e) keep abreast of, and inform the Board of, current corporate governance thinking and practice;
- (f) assist the Nomination Committee with the process for the appointment of directors;
- (g) advise the Board and its committees on all relevant legal and regulatory matters, including legal frameworks and processes;
- (h) advise the Board and its committees on relevant regulatory filings and public disclosures relating to the Group's governance processes;
- (i) assist with director induction and training programmes;
- (j) ensure that the Charter and the terms of reference of Board Committees are kept up to date, and that that the Approvals Framework remains relevant and appropriate for the organisation;
- (k) prepare and circulate Board and Board Committee papers;
- (l) elicit responses, input, feedback for Board and Board Committee meetings;
- (m) assist in drafting governance annual work plans;
- (n) ensure preparation and circulation of minutes of Board and Board Committee meetings;and
- (o) assist with the evaluation of the Board, its committees and individual directors.

## **9. Meeting Procedures**

- 9.1 Meetings of the Board will be held as the Board deems necessary, provided that the Board shall meet at least 4 (four) times annually. Meetings should be organised in order to maximise attendance. The Chairman of the Board or any director, with the consent of the Chairman, may call a special meeting at any other time.
- 9.2 Notice of each meeting of the Board, confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each director not less than 7 (seven) calendar days prior to the date of the meeting.
- 9.3 The meetings of the Board may be held in person or by means of electronic conferencing as the circumstances may require, provided that the required quorum is met.
- 9.4 The quorum for decisions of the Board shall be a majority of directors present for that particular decision. A decision shall be deemed as passed if a majority vote on the matter for decision is passed by the directors present.
- 9.5 A decision that could be voted on at a meeting of the Board may instead be adopted by written consent of a quorum of directors, given in person, or by electronic means, provided that each director received notice of the matter to be decided. A decision

made in such manner has the same effect as if it had been approved at a meeting of the Board.

- 9.6 Where decisions are required by way of written resolution, a quorum shall constitute a simple majority of directors.
- 9.7 Senior management, assurance providers, advisors and consultants of the Group, may attend meetings of the Board by invitation as the occasion requires, but may not vote on any matter placed before the Board.
- 9.8 Minutes of meetings shall be taken by the Group Company Secretary and shall be circulated to all directors of the Boards within a reasonable time after the relevant Board meeting.
- 9.9 A record shall be kept of the attendance of directors at Board meetings.
- 9.10 The Board shall make a statement in the annual report on its activities, the processes used in discharging its responsibilities and duties, the membership of the various Board Committees, the number of Board- and Board Committee meetings and the attendance of directors over the course of the reporting year.

## **10. Role and Responsibilities of the Board**

- 10.1 The Board is responsible for determining the strategic direction of the Group. The Board and its directors should act in the best interest of the Group and should exercise leadership, enterprise, integrity and ethical judgement in directing the Group so as to achieve its strategic goals and objectives, in a manner based on accountability and responsibility.
- 10.2 The Board acts as custodian of good corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Group along sound governance principles.
- 10.3 The Board must retain full and effective control of SA Corporate and shall consider and approve its operating and capital budgets, and its performance criteria.
- 10.4 The Board should ensure that the appointment of and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities.
- 10.5 The Board will implement a formal delegation of authority framework (Approvals Framework) which will be reviewed on an annual basis.
- 10.6 The Board shall give consideration to and approve, subject to any regulatory requirements, all material investments, and acquisitions and disposals of business activities or property of the Group in terms of the Approvals Framework.
- 10.7 The Board should monitor management's implementation of the Group's strategy, the performance of the Group against approved budgets and performance criteria and the performance of the executives against defined objectives and performance standards.
- 10.8 The Board should continuously monitor the solvency and liquidity of the Group.
- 10.9 The Board shall manage potential conflicts of interest of directors, management, the shareholders and wider stakeholders.

- 10.10 The Board should lead ethically and effectively and govern the ethics of the Company in such a way that supports the establishment of an ethical culture. In this regard, the Board shall oversee the Group's values and ethics and shall ensure that an appropriate code of conduct is in place.
- 10.11 The Board shall ensure that technology and systems used in the organisation are appropriate for it to run the business properly and competitively through the efficient use of its resources.
- 10.12 The Board shall implement and maintain an effective group-wide risk management framework and ensure that key risk areas and key performance indicators of the business are identified and monitored.
- 10.13 The Board should determine the levels of risk tolerance and appetite and review them annually.
- 10.14 The Board shall ensure that the Group complies with all relevant laws, regulations and codes of business practice.
- 10.15 The Board should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of the material stakeholders with the best interest of the Company. In this regard, the Board shall ensure that the Group has a sound stakeholder engagement policy and that it communicates regularly, openly and promptly with its shareholders and all relevant stakeholders, with substance prevailing over form.
- 10.16 The responsibility for the day-to-day management of the Group 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.
- 10.17 The Board shall ensure the integrity of the Group's integrated annual report and shall be responsible for overseeing the preparation and integrity of the Company and the Group's annual financial statements, which it approves.
- 10.18 The Board shall be responsible for approving the results and distribution announcements and determining the distribution payable to shareholders and approving the declaration thereof.
- 10.19 The Board should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for decision-making, and of the Group's external reports. The Board shall ensure that there is an effective risk-based internal audit function.
- 10.20 The Board shall ensure that Group is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business but also the impact the business may have on the environment and societies in which it operates.
- 10.21 The Board is responsible for the appointment of the executive directors, evaluation of their performance and succession planning.
- 10.22 The Board should approve the appointment, removal and remuneration of the Group Company Secretary.

- 10.23 The Board should ensure that the Company remunerates fairly, responsibly and transparently as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.
- 10.24 On the recommendation of the Audit and Risk Committee, the Board shall approve the appointment of the external auditors, for approval by shareholders by way of an ordinary resolution.
- 10.25 The Board shall recommend the approval of the members of the Audit and Risk Committee to shareholders for approval by way of an ordinary resolution.

## **11. Responsibilities of Individual Directors**

- 11.1 Directors act jointly when discharging their duties and no director has the authority to act on behalf of SA Corporate unless specifically authorised or requested by the Board.
- 11.2 Directors are jointly and severally liable and accountable for Board decisions and actions.
- 11.3 In the performance of their fiduciary duties, directors are required to act in good faith and for a proper purpose, exercise due care and skill in the best interests of the Group and not for any self-interest, in accordance with sections 76 and 77 of the Act.
- 11.4 Directors are expected to conduct themselves according to the highest standard of personal and professional integrity and set the standard for Group-wide ethical conduct and promote ethical behaviour and compliance with laws and regulations.
- 11.5 Directors are further legally obliged to:
- (a) avoid conflicts of interest between their personal affairs and those of the Group or, where unavoidable, disclose any such conflict or potential conflict;
  - (b) disclose any information they may be aware of that is material to the Group and of which the Board is not aware, unless such director is bound by ethical or contractual obligations of non-disclosure;
  - (c) keep all information learned by them, in their capacity as a director, strictly confidential;
  - (d) exhibit the degree of care, skill and diligence that may reasonably be expected of a person carrying out the same functions in relation to the Company as those carried out by that director, and having the general knowledge, skill and experience of that director; and
  - (e) at all times, observe the provisions of all relevant rules, legislative or regulatory procedures when dealing in SA Corporate's securities.

## **12. Board Committees**

- 12.1 The Board may delegate certain functions to well-structured committees, without abdicating its own responsibilities. Delegation is formal and involves the following:
- (a) formal terms of reference are established and approved for each committee of the Board;
  - (b) the committees' terms of reference are reviewed once a year; and

- (c) the committees are appropriately constituted with due regard to the skills required by each committee.

12.2 The following committees have been constituted:

- (a) Audit and Risk Committee
- (b) Investment Committee
- (c) Nomination Committee
- (d) Remuneration Committee
- (e) Social, Ethics and Environmental Committee

12.3 Any director may, after raising their request with the Chairman of the Committee, attend any meeting of a Board Committee (where he/she is not a member of such committee) unless circumstance or a conflict exists which would make such attendance improper.

### **13. Independent Professional Advice**

Any director is empowered to consult independent experts when necessary and within his/her duties as a director of the Company. All requests for independent, professional advice should be directed in writing to the Chairman and/or the Group Company Secretary. Costs incurred as a result of the independent advice, will be borne by the Company, subject to approval by the Chairman.

### **14. Evaluation**

A formal performance evaluation of the Board, Board Committees, individual directors and the Group Company Secretary shall be conducted at least every 2 (two) years, and in every alternate year opportunity shall be provided for reflection and discussion by the Board of its performance and that of its committees, the Chairman, individual directors and the Group Company Secretary.

### **15. Remuneration**

15.1 Non-executive directors are remunerated on quarterly basis.

15.2 Non-executive directors' fees will be approved by the shareholders by special resolution on recommendation of the Remuneration Committee to the Board.

15.3 With the guidance of the Remuneration Committee, the Board shall satisfy itself that the remuneration levels of the non-executive directors (and the executive directors) are appropriately determined.

### **16. Indemnification and Directors and Officers' Insurance**

The Company will pay the premiums for Directors and Officers Insurance for cover in the event that directors and officers are exposed to certain wrongful acts such as error, misleading statements, omission, neglect or breach of duty, in the course of discharging directors' duties within the necessary authority.

**17. Access to Information**

Directors shall have unrestricted access to all Group information, records, documents and property. The Group Company Secretary shall assist the Board or any director in providing any information or document that may be required.

**18. Compliance with the Charter**

The Board shall be required on an annual basis in the Integrated Annual Report, to confirm on whether it has fulfilled its responsibilities in accordance with this Charter.

**19. Review of the Charter**

This Charter is subject to an annual review by the Board.

**20. Other Policies / Documents of Importance**

This Charter shall be read in conjunction with applicable statutory and regulatory provisions and the Group's policies and procedures, as determined from time to time.

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