

BOARD CHARTER

Gemgrow Properties Limited
(Registration number 2007/032604/06)
("Gemgrow" or "the company")



GEMGROW
PROPERTIES

1. Introduction

The King Report on Corporate Governance in South Africa ("King Code"), recommends that every Board should have a charter setting out its responsibilities.

Successful companies have moved from focusing exclusively on profitability to the triple bottom line approach, which encompasses economic, environmental and social aspects of the company's activities. The challenge is to balance economic efficiency and society's broader objectives, taking into account conformance with governance principles and performance in an entrepreneurial market economy.

2. Role of the Board

- 2.1 The Board of directors ("the Board") should determine Gemgrow's purpose, values and stakeholders relevant to its business and develop strategies combining all three elements. The Board should ensure that procedures are in place to monitor and evaluate the implementation of its strategies, policies, senior management's performance criteria and the company's business plans.
- 2.2 The Board should review and approve the financial objectives, plans and actions, including significant capital allocations and expenditure.
- 2.3 The Board should exercise leadership, integrity and judgement, based on fairness, accountability, responsibility and transparency.
- 2.4 The Board must provide strategic direction to Gemgrow, appoint the Chief Executive Officer and when deemed appropriate, ensure that a succession plan is in place.
- 2.5 The Board must ensure that Gemgrow complies with all relevant laws, regulations and codes of best business practice and that it communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form.
- 2.6 The Board should regularly review processes and procedures to ensure the effectiveness of Gemgrow's internal systems of control, so that its decision-making capability and the accuracy of its reporting are maintained at a high level at all times.
- 2.7 The Board must define levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management.
- 2.8 The Board should have unrestricted access to all Gemgrow's information, records, documents and property.
- 2.9 The Board should have an agreed procedure whereby, if necessary, directors may take independent professional advice at Gemgrow's expense.
- 2.10 The Board should consider whether or not its size, diversity and skills mix makes it effective.
- 2.11 The Board must identify key risk areas and key performance indicators, which should be regularly monitored with particular attention given to technology and systems.
- 2.12 The Board should identify and monitor the non-financial aspects relevant to the business of Gemgrow.
- 2.13 The Board should record the facts and assumptions on which it relies to conclude that the business will continue as a going concern in the financial year ahead, or why it will not and in that case, the steps the Board is taking.
- 2.14 The Board must find the correct balance between conforming with governance constraints and performing in an entrepreneurial way.
- 2.15 The Board shall establish sub-committees to facilitate efficient decision making. At a minimum it shall establish an investment committee, an audit and risk committee, a remuneration committee and a social and ethics committee. The Board shall clearly define the parameters of the sub-committees.
- 2.16 The Board should assess its own effectiveness in fulfilling these and other Board responsibilities.

3. Procedures

- 3.1 The Chairperson should be an independent non-executive director.
- 3.2 The position of Chief Executive Officer shall be separate from that of the Chairperson.
- 3.3 The quorum for a Board meeting shall be determined by the Memorandum of Incorporation, and if not dealt with therein, shall comprise a majority of directors.
- 3.4 Directors shall endeavour to attend all Board meetings and prepare adequately therefor. Directors who are unable to attend a meeting should advise the Chairperson or the Secretary prior to the meeting.



- 3.5 Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their experience, knowledge, skill and abilities to deliberations of the Board.
- 3.6 All discussions and recordal thereof will remain confidential, unless there is a specific directive from the Board to the contrary, or disclosure is required by law.
- 3.7 The Board shall hold quarterly meetings. However, additional meetings may be held at the request of the Chairperson or any one of the directors after discussion with the Chairperson. Directors may invite any person to attend specific meetings or parts of a meeting, with the prior approval of the Chairperson.
- 3.8 Directors shall receive Board agendas and supporting documentation timeously to allow for sufficient preparation.
- 3.9 The Board shall appoint a company secretary who will be responsible for convening meetings, taking minutes and record keeping.

4. Induction of new directors

Newly appointed directors should have the benefit of an induction/orientation programme to familiarise them with Gemgrow and the business environment and markets in which Gemgrow operates, as well as to introduce them to senior management of Gemgrow.

5. Directors' remuneration

- 5.1 The Board shall determine the level of remuneration for non-executive directors, which shall be subject to the approval of shareholders in general meeting.
- 5.2 Executive directors will not receive any fees but will be paid as employees of Gemgrow, in accordance with their contracts of employment with Gemgrow.

6. Other Board appointments

Directors are at liberty to accept other Board appointments, as long as an appointment does not conflict with Gemgrow's business and does not detrimentally affect the director's performance as a director of the company.

7. Directors' and officers liability insurance

Gemgrow will ensure that an insurance policy is in place to indemnify the directors against any loss arising out of a claim for wrongful acts and for which Gemgrow is permitted to grant indemnification to the directors.