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**Orion**  
REAL ESTATE LTD

# Orion Real Estate Limited

(Registration Number 1997/021085/06)



## Compliance with King IV

Authorised: 27 July 2017

# Orion Real Estate Limited (“Orion”) Board Charter

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# Orion Real Estate Limited (Orion) Charter of the Board of Directors

## 1. Purpose of the Board Charter:

The purpose of this document is to set out the mission, duties and responsibilities of the Board of Directors of Orion Real Estate Limited ("Orion"). The existence of this Board Charter will be disclosed in the annual report of Orion.

## 2. Role of the Board of Directors

The Directors shall in the execution of their fiduciary duties fulfil the objectives of the company as agreed by shareowners from time to time.

The Board is ultimately accountable and responsible to its shareowners for the performance and affairs of Orion. The Board must therefore retain full and effective control over the company and must give strategic direction to the management of Orion. The Board is also responsible for ensuring compliance with all relevant laws, regulations and codes of business practice.

In addition, the Board has a responsibility to the broader stakeholders, which include the present and potential beneficiaries of the company's products and services, clients, lenders and employees, to ensure business sustainability.

The duties of the Board shall include, but not be restricted to the following:

- Arrange, at periods of not less than once every year, for the evaluation of the performance of the Board and its Committees
- To comply, or to explain to shareowners the reasons for any non-compliance with the provisions of the relevant King Report on Corporate Governance
- Setting strategy
- Approval of business plans
- Setting performance criteria before commencement of the financial year
- Evaluating actual performance against performance criteria
- Appointment of the auditor, on the recommendation of the Audit Committee
- Approval of annual and interim financial statements
- Issue of statements and circulars to shareowners
- Responsibility for risk management, on the basis of recommendations by the Audit Committee
- Ensure that Internal Audit is risk based
- Manage all material conflicts of interest, declared by Directors
- Ensure the integrity of financial reporting
- Consider and resolve all material disputes

- Ensure that the company implements effective compliance frameworks and processes
- Determine the extent of reporting on sustainable development and the consequential risks
- Determine the Risk Management philosophy
- Set the key risk indicators and risk tolerance levels
- Not use the position of director to gain personal advantage or harm the company, as set out in section 76 of the Companies Act 71 of 2008, as amended ("Companies Act")
- Act in good faith in the best interests of the company
- Carry out their duties with a degree of skill, care and diligence
- Comply with the standards of directors conduct, set out in Section 76 of the Companies Act
- Evaluate and, where considered appropriate, apply corporate governance standards. Where it is considered inappropriate to apply any corporate governance standard, applicable in South Africa, to report the reasons for non-compliance in the Annual Report
- Ensure that the earnings of all directors and prescribed officers are disclosed in the Annual Financial Statements
- Ensure that the proposed remuneration scale for non-executive directors is pre-approved by a special resolution of shareowners.

Orion shall apply or explain why not, the principles for good corporate governance, which form annexure 1 to this Charter.

### **3.Risk Management and Internal Control**

The Audit Committee shall assist the Board by reviewing reports on the risk management process, the significant risks facing Orion, and the management of such risks. The findings of the Audit Committee shall be communicated to the Board.

Unless allocated to another committee, the Audit Committee shall assist the Board with matters relating to IT Risk Management.

The Board shall be responsible for determining the policies and procedures necessary to ensure the integrity of internal controls and risk management.

The Board shall ensure that a formal risk assessment is undertaken annually, to identify and evaluate key risk areas.

Internal Audit shall provide the Audit Committee with written assurance reports on the effectiveness of internal controls and risk management. Such reports shall serve as the basis for the Audit Committee and the Board's statements on internal controls, the going concern principle and risk management.

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The risk management policy shall be communicated to all employees, to ensure that the risk strategy of the Board is incorporated into the language and culture of Orion.

## **4. Monitoring of Operational Performance**

The Board shall ensure that procedures are in place for monitoring and evaluating the implementation of strategies, policies, procedures and business plans.

## **5. Liability of Directors and Prescribed Officers**

All Directors and Prescribed Officers of Orion have the liability and fiduciary responsibility described in section 77 of the Companies Act..

## **6. Selection of Directors**

6.1. Not less than one-third of the non-executive Directors previously appointed by shareowners, shall retire, but may offer themselves for re-election, at each Annual General Meeting.

6.2. No non-executive Director shall serve for more than three years, without being re-appointed by the shareowners in General Meeting.

6.3. The non-executive Directors who have continuously served for the longest period, since previously being appointed by the shareowners, shall constitute the Directors to retire, in terms of clauses 6.1 and 6.2 above.

6.4. In the event of several non-executive Directors, having been appointed by shareowners on the same day exceeding the number of non-executive Directors which are required to retire, the Director or Directors to retire shall be determined by a secret ballot of Directors.

6.5. Directors appointed by the Board between Annual General Meetings shall retire at the next Annual General Meeting, but may offer themselves for appointment.

Directors who retire in terms of this clause (6.5) shall not be taken account of when complying with the provisions of clauses 6.1 to 6.4 above.

## **7. Board Leadership**

The Chairman of the Board shall not be the Chief Executive Officer or an executive Director of Orion.

The roles of Chief Executive Officer and Chairman shall be separate, with the Chairman being an independent non-executive Director.

## 8. Orientation of New Directors

Directors have a responsibility to acquaint themselves with their fiduciary duties, and responsibilities, as well as with issues pertaining to the operations and business environment of Orion in order to fulfil their duties.

## 9. Conflicts of Interest

Full disclosure of the nature and extent of a Director's interest or potential conflict of interest on any matter under consideration by the Board shall be declared in writing to all Directors, with a copy to the Company Secretary. The Director concerned shall ensure that such declaration is recorded in the minutes of the next Board meeting.

The Director who has an interest or potential conflict of interest, shall recuse him or herself while the relevant matter is considered by the Board

## 10. Directors and Prescribed Officers Dealing in Securities

10.1. Market manipulation and insider trading, which practices are prohibited by the Securities Services Act, are not to be practiced by any Director, Prescribed Officer or officer of Orion.

10.2. Before any Director, Prescribed Officer or officer deals in, buys or sells Orion shares, or other securities, the prior written consent of the Board. Chairman shall be obtained, through an appropriate written request, addressed care of the Company Secretary, to the Chairman of the Board.

10.3. After obtaining the prior written consent of the Chairman of the Board, the relevant Director, Prescribed Officer or officer shall, within 24 hours of buying, selling or otherwise dealing in Orion's shares, options or other securities, notify the Company Secretary and the Chairman of:

- The date of dealing in the shares or other securities;
- The relevant quantity and type of shares or other securities dealt in, bought or sold
- The price paid or received;
- Any other relevant information.

10.4. The Company Secretary shall then arrange for an appropriate disclosure to be published on the Securities Exchange News Service (SENS).

10.5. Details of such share dealing by any Director, Prescribed Officer or officer shall be disclosed by the respective Director, Prescribed Officer or officer, who shall ensure that it is recorded in the reports considered at the next Orion Annual General Meeting.

## 11. Committees

The Board may agree to form committees, and such committees may, subject to the provisions of Section 13.3 of this Charter, take independent professional advice at the company's expense as and when necessary.

These committees should report regularly to the Board on their activities. The committee structure, membership and mandates of such committees shall be reviewed regularly.

### 11.1. Board Committees

The shareowners shall, from amongst the independent non-executive Directors, appoint the members of the Audit Committee as required by section 94 of the Companies Act, at each Annual General Meeting.

The Board may appoint such other committees by authorising the terms of reference and selecting the members of such committees, from amongst the independent non-executive directors.

The Board Committees shall include:

- The Audit Committee
- A Remuneration Committee
- A Nomination Committee

Each committee shall:

- Consist of at least three members who are independent, non-executive Directors; and be entitled to invite non-members to attend meetings, on a "by invitation" basis.

### 11.2. Summary of Terms of Reference for Board Committees

A summary of the terms of reference of all Board committees, together with the membership of each committee, shall be disclosed in each annual report.

## 12. Evaluation of Directors

### 12.1. Evaluation of Board

An assessment of the performance of the Board shall be undertaken from time to time. The assessment shall evaluate the Board's contribution as a whole and shall review areas in which the functioning of the Board could be improved.

The evaluation may be by means of self-evaluation, an evaluation by a third party or such other means as is, from time-to-time, agreed by the Chairman

## 12.2. Formal Evaluation of Board Committees

The performance and effectiveness of Committees of the Board shall be evaluated at such periods as determined by the Board, to determine areas in which the functioning of the Committees could be improved.

Such evaluations may constitute a self-evaluation by the Committee, an evaluation by the Board or an evaluation by an independent third party

## **13. Board Relationship to Staff and External Advisors**

### 13.1. Attendance of non-Directors at Board and Board Committee Meetings

The Chairman, at his sole discretion, may invite members of Orion staff and outside parties to attend all or part of any Board or Board Committee meeting.

The purpose for such attendance shall, in general, be to provide the Board with insight into its deliberations.

### 13.2. Board Access to Executive Directors and the Books and Records

Board Members have unrestricted authority to consult with Executive Directors, to obtain information about the company, its operations, assets or liabilities, in order to make competent decisions as Directors.

### 13.3. Board and Board Committee Access to Independent Professional Advice

In the event of any member of the Board or Board Committee requiring independent professional advice, at company expense, the following procedure shall be followed.

13.3.1. A written request for independent professional advice shall be sent by the Director to the Chairman and the Company Secretary. Such request shall provide full detail of the advice which is to be sought.

13.3.2. The written request shall be circulated to all Directors, for such additional questions, in that matter, as any director may require to be addressed.

13.3.3. All Directors shall be given 48 hours to request additional questions on the matter in question, before the matter is referred for professional advice.

13.3.4. The independent professional advice shall be in writing.

13.3.5. The written independent professional advice shall be circulated to all Directors.

## 14. Business Continuity Planning

The Board shall ensure that Business Continuity Plans are in place. These plans shall include disaster management and disaster recovery plans.

## 15. Board Meetings

The provisions of the Companies Act and the Memorandum of Incorporation governing meetings and proceedings of the Board, shall include, but not be restricted to the following:

15.1. The Board should meet at least four times a year. As far as possible, the Board Meetings shall be event, not calendar, driven in order to timeously discharge the Board's responsibilities. The Chairman of the Board may call such further meetings as may from time to time be necessary.

15.2. The Board shall make decisions by a majority of votes.

15.3. A record shall be kept of the attendance of Directors at Board meetings and Board Committee meetings.

The attendance records shall be summarised in the Annual Financial Statements and/or the Corporate Governance Report, sent to shareowners for consideration at each Annual General Meeting.

15.4. The Chairman, with the assistance of the Company Secretary, shall establish the agenda for each Board meeting and in doing so may consult with the Chief Executive Officer.

The Chairman:

- Shall place any matters proposed in writing by a Director on the agenda; and provide the opportunity for the Chairmen of the Board Committees to report on any matters of importance.

15.5. The Chief Executive Officer shall, with the assistance of the Company Secretary, ensure that information and data that is important to the Board's understanding of the business is distributed, in writing, before the Board meets.

Such documentation shall be as brief as possible but shall provide essential information. On occasions that the subject matter, in the opinion of the Chairman, may be sensitive, documents may be tabled at the meeting.

15.6. Minutes shall be prepared, which record the proceedings at each meeting of the Board and of Committees of the Board.

## 16. Reservation of Powers

Except as reserved for shareowners, in terms of the Companies Act or the Memorandum of Incorporation, the Board has unfettered powers to govern the company.

The Board shall set performance targets and monitor actual performance against the targets.

Other powers, including the setting of policies, may be delegated (to Committees of the Board, the Chief Executive Officer and/or Executive Directors) in accordance with an authorities framework (delegation of authority document).

## 17. Appointment and Remuneration of Auditor

The Board shall recognise the following:

17.1. As provided in section 94 of the Companies Act, it is the Audit Committee's duty to:

- nominate an external auditor.
- determine the fees paid to the auditor.
- determine the external auditor's terms of engagement.
- ensure that the appointment of the auditor complies with the provisions of the Companies Act.
- pre-approve any agreement which specifies the nature and extent of any non-audit services which are to be provided by the external auditor.
- prepare the Audit Committee report, to be included in the Annual financial Statements.
- Deal with any other matter specified in section 94 of the Companies Act.

17.2. As provided in Section 94(9) of the Companies Act, the appointment of an external auditor will not be valid if the Audit Committee objects on the grounds of the auditor not being independent.

17.3. In the event of a vacancy arising in the office of the auditor, as provided in Section 94(7) of the Companies Act, the Audit Committee shall nominate an independent external auditor.

## 18. Public Communications

Public communication should be dealt with by executive management.

The Board may however, by exception, decide to communicate directly with the public and other stakeholders, in which case the Chairman shall make such communication.

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## **19. Integrated Sustainability Management and Reporting**

The Orion Board shall identify, monitor and report, at least annually, on the nature and extent of its social, transformation, ethical, safety, health and environmental management policies and practices. The disclosure of this information should be governed by the principles of reliability, relevance, clarity, comparability, timeliness and verifiability.

## **20. Code of Ethics**

The Board shall establish, and once a year amend, the values of the company in support of its mission, and establish principles and standards of ethical business practice in support of such values. These principles and standards should be communicated to affected stakeholders in codified form, for which purpose the Board shall assume responsibility.

# Annexure 1

## Principles for Good Governance.

The King III Report sets out the following principles.

- Principle 1.1: The Board should provide effective leadership based on an ethical foundation.
- Principle 1.2: The Board should ensure that the company is and is seen to be a responsible corporate citizen.
- Principle 1.3: The Board should ensure that the company's ethics are managed effectively.
- Principle 2.1: The Board should act as the focal point for and custodian of corporate governance.
- Principle 2.2: The Board should appreciate that strategy, risk, performance and sustainability are inseparable.
- Principle 2.3: The Board should provide effective leadership based on an ethical foundation.
- Principle 2.4: The Board should ensure that the company is and is seen to be a responsible corporate citizen.
- Principle 2.5: The Board should ensure that the company's ethics are managed effectively.
- Principle 2.6: The Board should ensure that the company has an effective and independent audit committee.
- Principle 2.7: The Board should be responsible for the governance of risk.
- Principle 2.8: The Board should be responsible for information technology (IT) governance.
- Principle 2.9: The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.
- Principle 2.10: The Board should ensure that there is an effective risk-based internal audit.
- Principle 2.11: The Board should appreciate that stakeholders' perceptions affect the company's reputation.
- Principle 2.12: The Board should ensure the integrity of the company's integrated report.

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- Principle 2.13: The Board should report on the effectiveness of the company's system of internal controls.
- Principle 2.14: The Board and its directors should act in the best interests of the company.
- Principle 2.15: The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.
- Principle 2.16: The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the Board.
- Principle 2.17: The Board should appoint the chief executive officer and establish a framework for the delegation of authority.
- Principle 2.18: The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.
- Principle 2.19: Directors should be appointed through a formal process.
- Principle 2.20: The induction of and on-going training and development of directors should be conducted through formal processes.
- Principle 2.21: The Board should be assisted by a competent, suitably qualified and experienced company secretary.
- Principle 2.22: The evaluation of the Board, its committees and the individual directors should be performed every year.
- Principle 2.23: The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.
- Principle 2.24: A governance framework should be agreed between the group and its subsidiary Boards.
- Principle 2.25: Companies should remunerate directors and executives fairly and responsibly.
- Principle 2.26: Companies should disclose the remuneration of each individual director and certain senior executives.
- Principle 2.27: Shareholders should approve the company's remuneration policy.
- Principle 3.1: The Board should ensure that the company has an effective and independent audit committee.
- Principle 3.2: Audit committee members should be suitably skilled and experienced independent non-executive directors.
- Principle 3.3: The audit committee should be chaired by an independent non-executive director.

- Principle 3.4: The audit committee should oversee integrated reporting.
- Principle 3.5: The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.
- Principle 3.6: The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.
- Principle 3.7: The audit committee should be responsible for overseeing of internal audit.
- Principle 3.8: The audit committee should be an integral component of the risk management process.
- Principle 3.9: The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.
- Principle 3.10: The audit committee should report to the Board and shareholders on how it has discharged its duties.
- Principle 4.1: The Board should be responsible for the governance of risk.
- Principle 4.2: The Board should determine the levels of risk tolerance.
- Principle 4.3: The risk committee or audit committee should assist the Board in carrying out its risk responsibilities.
- Principle 4.4: TThe Board should delegate to management the responsibility to design, implement and monitor the risk management plan.
- Principle 4.5: The Board should ensure that risk assessments are performed on a continual basis.
- Principle 4.6: The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.
- Principle 4.7: The Board should ensure that management considers and implements appropriate risk responses.
- Principle 4.8: The Board should ensure continual risk monitoring by management.
- Principle 4.9: The Board should receive assurance regarding the effectiveness of the risk management process.
- Principle 4.10: The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.
- Principle 5.1: The Board should be responsible for information technology (IT) governance.

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- Principle 5.2: IT should be aligned with the performance and sustainability objectives of the company.
- Principle 5.3: The Board should delegate to management the responsibility for the implementation of an IT governance framework.
- Principle 5.4: The Board should monitor and evaluate significant IT investments and expenditure.
- Principle 5.5: IT should form an integral part of the company's risk management.
- Principle 5.6: The Board should ensure that information assets are managed effectively.
- Principle 5.7: A risk committee and audit committee should assist the Board in carrying out its IT responsibilities.
- Principle 6.1: The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.
- Principle 6.2: The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.
- Principle 6.3: Compliance risk should form an integral part of the company's risk management process.
- Principle 6.4: The Board should delegate to management the implementation of an effective compliance framework and processes.
- Principle 7.1: The Board should ensure that there is an effective risk based internal audit.
- Principle 7.2: Internal audit should follow a risk based approach to its plan.
- Principle 7.3: Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.
- Principle 7.4: The audit committee should be responsible for overseeing internal audit.
- Principle 7.5: Internal audit should be strategically positioned to achieve its objectives.
- Principle 8.1: The Board should appreciate that stakeholders' perceptions affect a company's reputation.
- Principle 8.2: The Board should delegate to management to proactively deal with stakeholder relationships.
- Principle 8.3: The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.

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- Principle 8.4: Companies should ensure the equitable treatment of shareholders.
  - Principle 8.5: Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.
  - Principle 8.6: The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.
  - Principle 9.1: The Board should ensure the integrity of the company's integrated report.
  - Principle 9.2: Sustainability reporting and disclosure should be integrated with the company's financial reporting.
  - Principle 9.3: Sustainability reporting and disclosure should be independently assured.