

**THE MAIZE TRUST**

**Board Charter**

Approved: **28 April 2016**

Revised: .....



**Mr. S.S. Ndlungwane**  
**CHAIRPERSON**



**Mr. L. du Plessis**  
**ADMINISTRATORS**

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## **INTRODUCTION**

This Board Charter is subject to the provisions of the South African Trust Property Control Act, 57 of 1988, (the TPC Act), the relevant provisions of the Marketing of Agricultural Products Act, 47 of 1996 (the MAP Act), the Deed of the Maize Trust (Deed) and any applicable law or regulatory provision.

The Charter is not intended to replace or amend the Deed in any way whatsoever, nor is it intended to repeat any of the Deed's provisions.

References to the male gender will equally reflect as references to the female gender.

## **PURPOSE OF THE BOARD CHARTER**

The purpose of the Board Charter is to provide a concise overview of:

- a) the roles, responsibilities, functions and powers of the Maize Trust Board of Trustees (the Board), individual Trustees and officials and executives of the Trust;
- b) the powers delegated to committees of the Trust;
- c) relevant principles of the Trust's limits and delegations of authority and matters reserved for pre-approval by the Board; and
- d) the policies and practices of the Board of Trustees in respect of matters such as corporate governance, declarations and conflicts of interest, Board meeting documentation and procedures, composition of the Board and the nomination, appointment, induction, training and evaluation of members of Board committees.

## **THE BOARD AND TRUST OFFICIALS**

### **The Board of Trustees**

Matters reserved for decision-making by the Board are set out in the Deed\*.

In terms of the Deed the recommendations of the Maize Forum or its delegated subcommittee(s) are to be taken into consideration by the Board in respect of all matters related to the Trust. The Board will, where appropriate, provide the Maize Forum or its delegated subcommittee(s) with copies of the resolutions and the relevant material information in respect of resolutions of the Trust with regard to matters where recommendations were made by the Forum.

It is the policy of the Trust to accurately disclose information pertaining to the Trust to Government and all industry stakeholders in such a way that Government and industry stakeholders are apprised of all material aspects of the business of the Trust and its direct and indirect subsidiaries.

Trustees are expected to attend the Annual General Meeting of the Trust in order to respond to relevant questions or queries.

\* See attachment 1 for a copy of the Deed.

The role, function and powers of the Board, the Trustees and committees and its relationship vis-à-vis its direct and indirect subsidiaries and joint ventures are determined by law, the Deed of the Trust, agreements (where relevant), corporate governance best practices and decisions and policies of the Board.

The Board is responsible for the strategic direction of the Trust and for the control of the Trust. In managing or directing the affairs of the Trust the Board has authority to exercise all of the powers and perform any of the functions of the Trust except to the extent that applicable legislation or the Deed provide otherwise.

The Board accordingly has the power to make any decision in respect of the Trust as determined in the Deed.

The Board is to exercise its powers responsibly:

- a) In the best interests of the Trust, with due regard to the interests and requirements of the maize industry in South Africa; and
- b) In compliance with the requirements of the law, principles of sound corporate governance and Board policies and procedures.

Within the powers conferred upon the Board by the Deed, the TPC Act and the MAP Act, the Board has determined its main function and responsibility as being to add significant value to the Trust and the South African maize industry by\*:

- a) Retaining full and effective control over the Trust and providing effective leadership in the best interest of the Trust;
- b) Informing and approving the strategies and strategic objectives of the Trust and ensuring that strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced;
- c) Determining and setting the tone of the Trust's values including principles of ethical business practice and the requirements of being a responsible corporate citizen;
- d) Bringing independent, informed and effective judgment to bear on material decisions of the Trust;
- e) Satisfying itself that the Trust is governed effectively in accordance with corporate governance best practices, including risk management, legal compliance management, appropriate and relevant non-binding industry rules, codes and standards and internal control systems to:
  - maximise sustainable returns;
  - safeguard the people, assets and reputation of the Trust; and
  - ensure compliance with applicable laws and regulations;
- f) Monitoring and implementation, through an approved governance framework, of the Board's strategies, decisions, values and policies with a structured approach to governance, reporting, risk management, information management (including information technology) and risk based auditing;

\* King III Code (2009)

- g) Ensuring that the Trust has effective Board committees as required by law, the Deed and recommended by best corporate governance practices as applied by the Trust;
- h) Ensuring that there are effective risk based external audits;
- i) Governing the disclosure control processes of the Trust;
- j) Ensuring that disputes are resolved as effectively, efficiently and expeditiously as possible;
- k) Monitoring of the relationship between management and stakeholders of the Company.

Without detracting in any way from the general powers of the Board, the Board from time to time determines in terms of the governance framework and delegated authorities, which matters are:

- a) reserved for final decision-making by the Board or Board committees; or
- b) require the Board's or Board committees' consent before a final decision is made.

All other matters, not specifically reserved by the Board, are delegated to the Administrators of the Trust, subject to the obligation to report all material matters to the Board.

### **Composition of the Board and appointment of office-bearers**

The Board comprises a balance of ministerial and industry Trustees, which serves the Trust for a period of two years or such longer term as determined by the nominating body concerned. The Board should at all times be suitably constituted and do everything necessary to appropriately fulfill its role and responsibilities.

The Trustees may, from time to time, elect a Chairman and Vice Chairman and determine the period for which they are to hold office.

Trustees are nominated through a formal process by the nominating bodies as identified in the Deed. The Administrators of the Trust request nominations for replacement Trustees upon the expiry of a Trustee's term of office and deal with the process in terms of the provisions of the Deed.

Only individuals with sound ethical reputations and business or professional acumen and who have sufficient time to effectively fulfill their role as Board members, will be accepted for appointment to the Board. Individuals with material enduring conflicts of interest with the Trust that cannot be reasonably managed by the normal methods of declaration of interests and temporary recusal from meetings will not be considered for appointment.

No age restriction applies for Trustees to be considered for appointment to the Board, but it is preferable for Trustees to not be older than 75.

This Board Charter is considered to be an integral part of the conditions of appointment of all Trustees. Future letters of appointment should attach the Board Charter and specifically incorporate it by reference.

## **Board Committees**

In terms of the Deed the Board is empowered to appoint Board committees and to delegate powers to such committees. The Board could delegate certain functions to well-structured committees, but without abdicating its own responsibilities.

Delegation is formal and involves the following:-

- a) formal terms of reference are established and approved for each Board committee;
- b) the committees' terms of reference are reviewed once a year;
- c) the committees are appropriately constituted with due regard to the skills required by each committee;
- d) the Board establishes a framework for the delegation of authority;
- e) the Board notes reports from and/ or minutes of the meetings of each committee of the Board; and
- f) the Board monitors the activities of committees and individuals with delegated authority.

## **Board meetings and Board documentation**

### **Frequency**

The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this charter. The Board meets at such times as determined annually by the Board.

### **Agenda, meeting papers and minutes**

A detailed agenda, together with supporting documentation, must be circulated approximately five (5) business days prior to each meeting to the members of the Board and other invitees. The Chairman, with the assistance of the Administrators, must ensure that the agenda, as prepared, raises all relevant issues requiring attention in such a way and sequence that effective proceedings are facilitated.

The Administrators shall annually consider whether the format and content of standard Board reports and submissions are appropriate and recommend to the Board such changes as would improve the Board's efficiency.

Meeting papers and submissions made at Board meetings are not confidential and Trustees may circulate them to other parties, except insofar as the Board decides otherwise. A record of Board submissions shall be maintained and held by the Administrators. Trustees may arrange with the Administrators to obtain access to records of Board documentation and minutes if required by them in the course of discharging their duties as Trustees of the Trust.

The minutes must be completed as soon as possible after the meeting and circulated to the Trustees of the Board for review thereof.

## Attendance

Trustees will use their best endeavours to attend all meetings of the Board for the entire duration of the meetings, including meetings called on an ad hoc basis for special matters, unless prior apology with reasons have been submitted to the Chairman or Administrators (clause 5.7 of the Deed). Trustees must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion. They are expected to participate fully, frankly, and constructively in Board discussions and to bring the benefit of their particular knowledge, experience, skills and abilities to bear in discharging their duties as Trustees. Trustees are expected to at all times act in a courteous and professional manner in conducting their duties as Trustees.

The Chairman may at his or her discretion authorise the use of audio or video conferencing facilities to make participation in a Board meeting possible should attendance in person not be possible for good reason.

Trustees are reimbursed for the attendance of Board meetings and other events attended by them on behalf of the Trust with the prior approval of the Chairman on the basis and at the rates as determined by the Board from time to time\*.

If the elected Chairman of the Board is absent from a meeting, the members present must elect one of the members to act as Chairman for that particular meeting.

## Quorum

A representative quorum for meetings of the Board is four (4) Trustees, but in terms of the Deed three (3) Trustees may constitute a quorum for specific purposes as stated in the Deed.

## Written Resolutions

It is the policy of the Board to limit the use of written resolutions to instances where the resolution is a mere formality or where the matter requiring decision by written resolution is of such an urgent nature that it cannot be deferred until the next Board meeting. The Chairman, with the assistance of the Administrators, should consider in respect of each written resolution whether an urgent extra-ordinary Board meeting would be a more appropriate decision-making procedure than a written resolution. Each member of the Board who is able to receive notice must receive notice of the matter to be decided by written resolution.

Decisions taken by written resolution other than at a meeting are valid decisions of the Board if agreed to by a majority of Trustees, but has to be ratified at the next formal meeting of the Board.

## The Chairman

The Chairman is elected by members of the Board, but has no executive or management responsibilities or a casting vote in terms of the Deed. The Chairman provides leadership at Board level, represents the Board in liaising with external parties and is responsible for ensuring the integrity and effectiveness of the Board and its committees.

- See attachment 2 for a copy of the current remuneration policy in respect of Trustees.

To this end the Chairman is required to:

- a) Set the ethical tone for the Board and the Trust;
- 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 individual views of Board members;
- c) Maintain regular dialogue with the Administrators in respect of all material matters affecting the Trust and to consult with the other Board members promptly when considered appropriate;
- d) Formulate with the Administrators, if required, a yearly work plan 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 Trust that he is aware of are tabled at Board meetings;
- e) 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 the Administrators;
- f) Ensure that Trustees play a full and constructive role in the affairs of the Trust and take a leading role in this process;
- g) Monitor how the Board works together and how individual Trustees perform and interact at meetings;
- h) Ensure that all Trustees are appropriately made aware of their responsibilities through a tailored induction programme;
- i) Be accessible to the Administrators between Board meetings; and
- j) Ensure that good relations are maintained with strategic stakeholders.

### **Vice-Chairman**

The Board may appoint a vice-chairman to assist the Chairman in the execution of his duties and such other functions as the Board may wish to delegate to the vice-chairman.

When the Chairman is absent or unable to perform his duties or when the independence of the Chairman is questionable or impaired, the vice-chairman must serve in that capacity for as long as the circumstances that caused the Chairman's absence, inability or conflict exist.

### **The Administrators**

The Administrators:



- must inform the Board of any material matter which may have a significant impact on the financial results or substantially impact the reputation of the Trust;
- are accountable to the Board for the development and successful implementation of the Trust's strategies and the overall management and performance of the Trust within the framework of its policies and routine reporting requirements;
- may exercise power and authority on any matter necessary for the effective management and performance of the Trust, which is not specifically reserved for decision-making by the Board.
- provides a central source of guidance and support to the Board and within the Trust on matters of good governance and changes in legislation.
- as the gatekeeper of good governance, maintains an arm's length relationship with the Board and its directors as far as is reasonably possible.

The Administrators have a direct channel of communication to the Chairman and are accountable to the Board to, amongst other things:

- a) Agree and recommend for approval to the Board such matters which, amongst others, relate to:
  - The vision, mission, values, strategy, long-term plans and policy of the Trust;
  - Annual budgets, funding and financial management;
  - Risk philosophy, strategy and profile; and
  - Statutory required reports;
- b) Develop and recommend to the Board a long-term strategy for the Trust;
- c) Develop and recommend to the Board a funding model for the Trust;
- d) Develop and recommend to the Board the annual business plans and budgets that support the Trust's long-term strategy and approach to sustainability;
- e) Monitor and report to the Board on the effectiveness of legal compliance controls, processes, systems and resource capacity;
- f) Monitor the performance of the Trust against agreed performance and sustainability targets and report appropriately to the Board about such performance;
- g) Establish an operating model for the Trust to ensure effective execution of the strategy, sustainability, governance and control imperatives;
- h) Set the tone in creating an ethical environment;
- i) Ensure that effective internal controls, legal compliance and governance measures are deployed;
- j) Ensure adherence to the relevant industry best practices standards, unless there are cogent reasons for not implementing such standards and best practices; and
- k) Serve as the chief spokesman of the Trust;

- l) Ensure that Board procedures are followed and reviewed regularly;
- m) Ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- n) Maintain statutory records in accordance with legal requirements;
- o) Keep abreast of and inform the Board of current corporate governance practice;
- p) Provide the Board as a whole and individual Board members with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Trust and on good governance;
- q) Advise the Board on all legal and regulatory matters, including legal frameworks and processes;
- r) Advise the Board with respect to all regulatory filing and public disclosure relating to the Trust's governance processes;
- s) Assist with Trustee induction and training programmes;
- t) Ensure that the Board charter and the terms of reference of Board committees are kept up to date;
- u) Prepare and circulate Board and Board committee papers;
- v) Elicit responses, input, feedback for Board and Board committee meetings;
- w) Ensure the preparation and circulation of minutes of Board and committee meetings.

### **The rights and duties of individual Trustees**

The Board exercises its functions jointly and no Trustee has any authority to severally perform any act on behalf of the Trust unless specifically authorised or requested by the Board or authorised nominees of the Board. Trustees are jointly and severally accountable for the decisions of the Board.

Trustees' fiduciary duties, standards of conduct and liabilities are captured in the TPC Act and in the Deed. Trustees have a legal obligation to act in the best interest of the Trust, to act with due care, diligence, good faith, loyalty and skill in discharging their duties as Trustees, to declare and avoid conflicts of interest with the Trust and fellow Trustees and to account to the Trust for any advantages gained in discharging their duties on behalf of the Trust. Trustees may not, in their capacity as Trustees, discuss or disclose any information pertaining to the Trust to the media or any member of the press, unless specifically authorised or requested by the Board or authorised nominees of the Board.

Trustees may at any time request a meeting with the Chairman to discuss the Board and committee matters. The Chairman will invite Trustees from time to time to indicate whether they have a need to meet as a group without him/her and/or the Administrators.

The Board is of the view that the interests of the Trust are better served if the Board functions as a team rather than a fractious, uneasy coalition of independent factions.

Trustees have access to the Administrators for advice about the governance of the Trust and Board procedures and may, after consultation with the Chairman, obtain such external advice at their own cost as they may deem necessary to properly discharge their duties to the Trust.

## **DISCLOSURE AND CONFLICTS OF INTEREST**

In terms of the TPC Act and the Deed a Trustee who has a personal financial interest in respect of a matter to be considered at a Board meeting, or knows that a related person has a personal financial interest in the matter:

- a) must disclose the general nature of the interest before the matter is considered;
- b) must disclose all material information known to the Trustee to the Board;
- c) may disclose observations and insights relating to the matter if requested by the other Trustees to do so; and
- d) may not be present at the meeting where the matter is discussed, and may not participate in the consideration of the matter.

A Trustee may disclose any personal financial interest in advance by delivering to the Administrators a written notice setting out the nature and extent of the financial interest. A Trustee who acquires a direct personal financial interest after an agreement or other matter has been approved by the Trust, must promptly disclose the nature and extent of that interest to the Administrators in writing. The Administrators will submit all disclosures of interest to the Board at the first subsequent meeting. The Board is required to:

- a) Consider all declarations of interest; and
- b) Take specific actions with regard to the conflict of interest and in relation to the Trustee concerned, as deemed appropriate by the Board;

Failure to make disclosure of interest in compliance with the TPC Act and the Deed, will render decisions, transactions or agreements invalid, unless subsequently ratified by the Board or a Court of Law.

Enduring material conflicts of interest are regarded by the Board as incompatible with the fiduciary duties of Trustees. The nominations of Trustees are accepted by the Board on the express understanding and agreement that they may be removed by the Board if and when they develop an actual or prospective material and enduring conflict of interest with the Trust or any of its indirect or direct subsidiaries.

## **POLICY IN RESPECT OF CORPORATE GOVERNANCE**

The Trust complies with all applicable corporate governance legislation. It is also the policy of the Trust to apply the principles of the King III Code of Corporate Governance Principles (2009) to the extent that they advance effective business leadership. In addition, the Trust's corporate governance practices will be reviewed from time to time in

view of changes to the Trust and national and international developments in respect of corporate governance in order to pro-actively adapt the corporate governance practices of the Trust should it be in the best interests of the Trust to do so.

## **POLICY IN RESPECT OF DISPUTE RESOLUTION**

It is the policy of the Trust to ensure that internal and external disputes are resolved as effectively and expeditiously as possible. To this end consideration shall be given in respect of each financial and reputational material dispute whether settlement, litigation, arbitration, mediation or other forms of alternative dispute resolution would be the most effective methodology to resolve a dispute in the best interests of the Trust.

The merits of claims against the Trust or allegations of misconduct or non-compliance against the Trust should be investigated thoroughly before a final decision is made to defend the claim or not to act in respect of an allegation of misconduct or non-compliance.

If non-compliances are uncovered, consideration should be given to engage with the relevant authorities or, if relevant, to apply for leniency if it would be in the interests of the Trust.

The validity and veracity of reasons for defending a claim against the Trust should be confirmed by written external legal advice before the commencement of formal legal proceedings in order to institute a legal action.

The authority to make decisions in respect of dispute resolution and to represent the Trust is governed by the delegations of authority as approved by the Board from time to time.

## **DEED OF TRUST**

This Board charter is not intended to replace or amend the Deed in any way whatsoever. In the event of a conflict between the Deed and the Board charter, the provisions of the Deed shall prevail. The Board charter is also not intended to contain a comprehensive summary of the applicable legal principles. Board members requiring advice in respect of any matter referred to in this charter should consult the Administrators in this regard.



## **LIST OF ATTACHMENTS**

Attachment 1

**MAIZE TRUST DEED**

Attachment 2

**TRUSTEE REMUNERATION POLICY**

