



BOARD CHARTER

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TRANS HEX GROUP BOARD CHARTER

1. Introduction

The Board of directors of Trans Hex Group Limited acknowledges the need for a Board Charter as recommended in the Code of Governance Principles for South Africa 2009 (“King III”).

This Charter is subject to the provisions of the Companies Act, the Company’s Memorandum of Incorporation and the JSE Listings Requirements.

2. Purpose of the Charter

The purpose of this Charter is to set out the Board’s role and responsibilities, the requirements for its composition and meetings, and the foundation of the delegation of authority.

3. Composition of the Board

The Board must have a balance of executive and non-executive directors, with a majority of non-executive directors. A majority of the non-executive directors should be independent.

As a minimum, two executive directors (Chief Executive Officer and Financial Director) and three non-executive directors must be appointed to the Board.

The Company supports the principle of gender diversity at Board level and has adopted a target of at least one female non-executive director out of a total of four.

Alternate directors may be appointed with representative powers. Where an alternative director attends a meeting of the Board together with the primary director he/she alternates for, the alternate director is not entitled to vote, nor is his/her attendance taken into account for quorum purposes.

The members of the Board elect a non-executive director as chairman on an annual basis.

Where the chairman of the Board is not an independent non-executive director, a lead independent director is appointed.

Directors are appointed through a formal process and the Human Resources and Social & Ethics Committee assists with the process of identifying suitable candidates to be proposed to the shareholders.

A formal induction programme is implemented for new directors.

Inexperienced directors are developed through a mentorship programme.

Continuing professional development programmes are available to ensure that directors receive regular briefings on changes in risks, laws and the environment.

4. Role and Responsibilities of the Board

The role and responsibilities of the Board are to:

- 4.1. Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles.
- 4.2. Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
 - Contributing to and approving the strategy;
 - Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
 - Identifying key performance and risk areas;
 - Considering sustainability as a business opportunity that guides strategy formulation.
- 4.3. Provide effective leadership on an ethical foundation.
- 4.4. Ensure that the Company is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business of the Company but also the impact that business operations have on the environment and the society within which it operates.
- 4.5. Ensure that the Company's ethics are managed effectively.
- 4.6. Ensure that the Company has an effective and independent Audit and Risk Committee.
- 4.7. Be responsible for the governance of risk.
- 4.8. Be responsible for the governance of information technology (IT).
- 4.9. Ensure that the Company complies with applicable laws and considers adherence to non-binding rules and standards.
- 4.10. Ensure that there is an effective risk-based internal audit.
- 4.11. Appreciate that stakeholder's perceptions affect the Company's reputation.
- 4.12. Ensure the integrity of the Company's integrated Annual Report.

- 4.13. Act in the best interests of the Company by ensuring that individual directors:
- Adhere to legal standards of conduct;
 - Are permitted to take independent advice in connection with their duties following an agreed procedure;
 - Disclose real or perceived conflicts to the Board and deal with these accordingly;
 - Deal in securities only in accordance with a policy adopted by the Board.
- 4.14 Commence with business rescue proceedings as soon as the Company is financially distressed.
- 4.15. Elect a chairman of the Board who is an independent non-executive director or, where the chairman is not an independent non-executive director, appoint a lead independent director.
- 4.16. Appoint and evaluate the performance of the Chief Executive Officer.

The Board should do everything necessary to fulfil its role as set out above.

5. Delegation

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. Delegation is formal and involves the following:

- 5.1. Formal terms of reference are established and approved for each committee of the Board.
- 5.2. The committees' terms of reference are reviewed once a year.
- 5.3. The committees are appropriately constituted with due regard to regulatory requirements and the skills required by each committee.
- 5.4. The Board establishes a framework for the delegation of authority to management.

6. Meeting Procedures

6.1 Frequency

The Board must hold sufficient scheduled meetings to discharge all of its duties as set out in this Charter, but subject to a minimum of four meetings per year.

Meetings in addition to those scheduled may be held at the request of a Board member.

The chairman of the Board may meet with the Chief Executive Officer, the Financial Director and/or the Company Secretary prior to a Board meeting to discuss important issues and agree on the agenda.

6.2 Attendance

Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only and they may not vote.

Board members must attend all scheduled meetings of the Board, including meetings called on an *ad hoc* basis for special matters, unless prior apology with reasons has been submitted to the chairman or Company Secretary.

The Company Secretary is the secretary to the Board.

If the chairman of the Board is absent from a meeting, the lead independent director acts as chairman or, in his absence, the directors present must elect one of the non-executive directors present to act as chairman.

6.3 Quorum

A representative quorum for meetings shall be a majority of the directors of the Company.

Individuals in attendance at Board meetings by invitation may participate in discussions but do not form part of the quorum.

6.4 Agenda and Minutes

The Board must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

The annual plan must ensure proper coverage of the matters laid out in this Charter with the more critical matters being attended to each year while other matters may be dealt with on a three-year rotation basis. The number, timing and length of meetings, and the agendas are determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated at least one week prior to each meeting to the members of the Board and other invitees.

Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes must be produced as soon as possible after the meeting and circulated to the chairman and members of the Board for review. The minutes must be formally approved by the Board at its next scheduled meeting.

7. Evaluation

An evaluation of the Board, its committees and individual directors, including the chairman, must be performed every year.

8. Approval of this Charter

This Charter has been approved by the Board and will be reviewed annually in accordance with the annual work plan.

GM van Heerden
Company Secretary