FLEETWOOD ESTATE HOMEOWNERS ASSOCIATION

BOARD CHARTER

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1. INTRODUCTION

   1.1. The Board of Directors of the Fleetwood Homeowners Association (“HOA”) acknowledges the need for a Board Charter which documents its role, responsibilities, membership requirements and procedural conduct as recommended in the King IV Report on Corporate Governance for South Africa, 2016 ("King IV").

   1.2. This Board Charter is subject to the provisions of the Companies Act 71 of 2008, as amended (“the Companies Act”), the HOA’s Memorandum of Incorporation (“MOI”), Conduct Rules and any other applicable statutory or case law or regulatory provision.

2. PURPOSE OF THE BOARD CHARTER

   2.1. The purpose of this Charter is to set out the Board’s role and responsibilities, including the requirements for its composition and meeting procedures.

3. PREAMBLE

   3.1. A safe and pleasing environment has always been the main priority of the HOA.

   3.2. The HOA approaches its relationships with all its stakeholders in terms of a mutually beneficial partnerships.

   3.3. The HOA is unambiguously committed to the transparent and professional management and governance of all activities and functions under its control.

4. COMPOSITION AND PERIOD

   4.1. The Board shall consist of not less than 2 Directors.

   4.2. Directors shall only ever be appointed through a formal and transparent process.

   4.3. Directors are elected by a simple majority vote of Members of the HOA at the Annual General Meeting("AGM") or a Special General Meeting ("SGM").

   4.4. Directors are formally appointed by the Board after the most recent Annual General Meeting (“AGM”) whereupon relevant statutory requirements are confirmed and director amendment (CoR39) is submitted to CIPC.

   4.5. Directors retire by rotation annually but are eligible for re-election.

   4.6. The Board should be structured to ensure an appropriate mix and balance of knowledge, skills, experience, diversity and independence appropriate to the strategic objectives of the HOA.

   4.7. The Board should be balanced in terms of gender, race and other demographics.

5. UNDERTAKINGS BY DIRECTORS

   5.1. Directors appointed to the Board should always conduct themselves according to the highest standard of personal and professional integrity.

   5.2. Directors should set the standard within the HOA for and promote ethical behavior and compliance with all laws and regulations.

   5.3. Directors must hold or procure sufficient working knowledge of the HOA, its members, the community and the environment in which it operates.

   5.4. Directors must be fully aware of the statutory and regulatory requirements affecting the direction of the HOA.

   5.5. Directors must act with due care, skill and diligence, and take reasonably diligent steps to become informed and contribute independent views to matters under consideration by adding value to Board deliberations.

5.6. Directors must routinely and regularly attend meetings of the Board and Board Committees on which he or she serves.

6. INDUCTION OF NEW DIRECTORS

6.1. An induction program for new Directors shall facilitate their understanding of the HOA and the environment in which it operates.

6.2. The induction program shall at least include:

6.2.1. the HOA's operating environment;

6.2.2. the HOA's Memorandum of Incorporation ("MOI");

6.2.3. the governance framework and Board Charter and Committee terms of reference;

6.2.4. the HOA's monthly and annual reports;

6.2.5. the Directors' roles and responsibilities;

6.2.6. the Board's fiduciary duties, responsibilities and obligations in terms of the Companies Act and King IV.

6.2.7. A Letter of Appointment will be issued to new Directors as part of the induction program, of which the Board Charter shall be an integral part.

6.2.8. Continuing professional development programs shall be encouraged which ensure that Directors receive regular briefings on changes in risks, laws, governance and the environment.

7. DIRECTOR REMUNERATION

7.1. Directors will not receive fees, directly or indirectly for their services as Directors.

8. BOARD ROLE AND RESPONSIBILITIES

8.1. The Board shall act as the focal point for, and custodian of, corporate governance of the HOA by managing its relationship the members of the HOA and other stakeholders along sound and ethical corporate governance principles.

8.2. The Board shall steer and set direction with regards to both the HOA's strategy and the way in which specific governance areas are approached, addressed and conducted.

8.3. The Board shall approve policy and planning that give effect to the HOA's strategy.

8.4. The Board shall oversee and monitor the implementation and execution of the strategy.

8.5. The Board shall ensure that the HOA is, and is seen to be, a responsible corporate citizen.

8.6. The Board shall exercise on-going oversight of the management of ethics within the HOA.

8.7. The Board shall approve the HOA financial objectives including capital expenditure.

8.8. The Board shall regularly review and evaluate HOA risk management and compliance processes.

8.9. The Board shall satisfy itself that the strategy and business plans of the HOA do not give rise to risks that have not been thoroughly assessed.

8.10. The Board shall identify key performance and risk areas.

8.11. The Board shall ensure that the HOA has an effective and independent Audit process.

8.12. The Board shall monitor the HOA's compliance with all applicable laws.

8.13. The Board shall appoint and evaluate the performance of an estate manager ("the Manager") against agreed performance measures and targets.

9. ROLE OF THE INDIVIDUAL DIRECTOR

9.1. Directors shall devote sufficient time and effort to prepare for meetings in order to participate fully and frankly in Board discussions and bring the benefit of their particular knowledge, experience, skills and abilities to bear.

9.2. In the performance of their fiduciary duties, Directors of the Board are required to act in good faith and for a proper purpose, exercise due care and skill in the best interests of the HOA and not for any self-interest, in accordance with sections 76 and 77 of the Companies Act and the King IV recommendations.

9.3. Members of the Board are expected to conduct themselves according to the highest standard of personal and professional integrity and set the standard for HOA-wide ethical conduct and promote ethical behavior and compliance with laws and regulations.

10. DIRECTORS' COMPANIES ACT REQUIREMENTS

DIRECTORS are expected to meet all the requirements of the Act and particularly the sections outlined below:

10.1. Section 76 of the Act which addresses the standard of conduct expected from directors and extends it beyond the common law duty of directors by compelling them to act honestly, in good faith and in a manner they reasonably believe to be in the best interests of, and for the benefit of, their companies.

10.2. Section 76(3) of the Act which states that a director of a company, when acting in that capacity, must exercise the powers and perform the functions of a director in good faith and for a proper purpose; in the best interests of the company; and with 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 carried out by that director, and having the general knowledge, skill and experience of that director.

10.3. Section 76(4) of the Act which states that in respect of any matter arising in the exercise of the powers or the performance of the functions of a director, a director will have satisfied the obligations in section 76(3) of the Act, if the director: has taken reasonably diligent steps to become informed about the matter; has made a decision, or supported the decision of a committee or the board with regard to that matter; and had a rational basis for believing, and did believe, that the decision was in the best interests of the company.

10.4. In further compliance with Section 76, the director is required to communicate to the board, at the earliest practicable opportunity, any material information that comes to his or her attention, unless he or she: reasonably believes that the information is publicly available or known to the other directors; or is bound by a legal or ethical obligation of confidentiality.

10.5. Section 72 of the Act which entitles companies to appoint board committees and delegate to any committee any authority of the board. Such committees may include people who are not directors of the company, but they may not be ineligible or disqualified to be a company director and may not vote on any matter to be decided by the committee. Board committees have the full authority of the board in respect of matters referred to them and may consult with or receive advice from any person. However, the creation of any committee and the delegation of any power do not by themselves satisfy or constitute compliance by a director with his or her duties as a director.

11. ROLE OF THE CHAIRMAN

11.1 The Board should elect a Chairman who shall provide the direction necessary for an effective Board.

11.2 The Chairman shall be appointed by the Board every year after the yearly AGM.

11.3 The Board shall carefully monitor the independence and factors that may impair the independence of the Chairman.

11.4 The Chairman of the Board shall be independent and free of conflicts of interest.

11.5 The Chairman shall set the ethical tone for the Board and the HOA.

11.6 The Chairman shall 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.

11.7 The Chairman shall formulate the yearly work plan for the Board.

11.8 The Chairman shall lead in the setting of agendas for Board meetings.

11.9 The Chairman shall preside over Board meetings and ensure that they are efficient and productive.

11.10 The Chairman shall encourage collegiality among Directors without inhibiting candid debate and creative tension among Directors.

11.11 The Chairman shall require affected Directors to recuse themselves from discussions and decisions in which they have a conflict.

11.12 The Chairman shall act as the primary link between the Board, the Manager, Security related contractors and the HOA members.

11.13 The Chairman shall ensure that Directors play a full and constructive role in the affairs of the HOA and shall take a lead role to remove non-performing or unsuitable Directors from the Board.

11.14 The Chairman shall ensure that complete, timely, relevant, accurate, honest and accessible information is placed before the Board to enable Directors to reach informed decisions.

11.15 The Chairman shall monitor how the Board functions and how individual Directors perform and interact at meetings.

11.16 The Chairman shall ensure that all Directors are appropriately made aware of their responsibilities through tailored induction program for new directors and continuing professional education for all Directors.

11.17 The Chairman shall ensure that good relations exist with the HOA's members and its strategic stakeholders.

11.18 The Chairman's contribution to the HOA and the Chairman's actual performance shall form part of a yearly evaluation by the Board.

11.19 The Chairman shall meet frequently with the Manager and before every Board meeting to discuss important issues and agree to the agenda.

11.20 The Chairman is to provide guidance on corporate governance and legal responsibilities and is ultimately responsible for compliance of the HOA Board.

11.21 The Chairman shall decide on the need for a vote where a consensus decision cannot be found and shall only cast a vote to break a tie.

12. The Manager

12.1. An Estate Manager shall be appointed by the Board of Directors to assist in the day to day running of the HOA, according to a Service Level Agreement entered into between the HOA and the Manager, who shall be an independent contractor and not an employee of the HOA

12.2. The Manager shall lead the implementation and execution of approved strategy, policy and operational plans.

12.3. The Manager shall develop and recommend to the Board business plans and budgets that support the HOA's long-term strategy.

12.4. The Manager shall be accountable for and report to the Board the overall performance of Projects HOA and overall maintenance.

12.5. The Manager shall ensure that the assets of the HOA are adequately maintained and protected.

12.6. The Manager shall ensure that the HOA complies with all relevant laws and with corporate governance principles.

12.7. The manager shall liaise with service providers to optimize efficiency where required.

12.8. The manager will assist board members with their portfolio projects where required.

12.9. The manager shall attend HOA related meetings (Board/SGM/AGM/Contractor).

13. BOARD COMMITTEES

13.1. The Board is authorized to form Committees to facilitate efficient decision-making, promote independent judgement and to assist with the balance of power and the execution of its duties.

13.2. Committees are constituted with due regard to members' skills, qualifications and experience to effectively fulfil their duties.

13.3. Independent, non-Directors or non-executive directors may be appointed to the board by the Board.

14. DELEGATION

14.1. The Board delegates functions to committees and to the Manager, but without ever abdicating its own responsibilities.

14.2. The delegation shall be formal and include the implementation and execution of approved strategy, through policy and operational plans mandated to the Manager or Committee.

15. FREQUENCY AND QUORUM OF MEETINGS

15.1. The Board shall hold sufficient meetings to discharge all its duties as set out in this Charter but subject to a minimum of ten meetings per year.

15.2. The meetings shall be held at such times and at such venues as the Board deems appropriate.

15.3. Meetings in addition to those scheduled may be held at the request of any Director.

15.4. A representative quorum for meetings is a simple majority of Directors for the time being in office.

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

15.6. Board and Committee meeting dates shall be set annually in advance.

16. ATTENDANCE AT BOARD MEETINGS

16.1. Members of management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only, and they may not vote on any issues discussed at the meeting.

16.2. Directors must attend all scheduled meetings of the Board and relevant Committees, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman.

16.3. The Chairman may at his/her discretion authorize the use of audio or video conferencing facilities to facilitate participation in a Board meeting should attendance in person not be possible.

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

16.5. A Director, who absents him/herself from Board meetings for two consecutive meetings without leave of the Board and is not represented at any such meetings, may be required to vacate his office should the Board so resolve.

17. AGENDA, BOARD PAPERS AND MINUTES

17.1. The Chairman should establish a work plan for each year so that all relevant matters are covered by the agendas of the meetings planned for the year.

17.2. The annual plan must ensure proper coverage of the matters laid out in this Charter.

17.3. A detailed agenda, together with Board papers, must be circulated to the Board and invitees at least one week prior to each meeting.

17.4. All matters to be discussed or voted on at Board meetings must be part of the agenda for that Board meeting.

17.5. Board Decisions are made primarily by consensus. Where consensus cannot be reached by simple majority with the Chairman casting a deciding vote in the case of a tie.

17.6. Any Director may request, through the Chairman, that a matter requiring Board deliberation be added to the agenda.

17.7. Directors should be entitled to have access to all relevant information to enable them to make informed decisions.

17.8. Directors agree that the maintenance of the confidentiality of Board proceedings is of paramount importance.

17.9. Minutes must be completed promptly and distributed to the Chairman for review.

17.10. Minutes must be formally approved by the Board at the next meeting.

18. DISCLOSURE AND CONFLICTS OF INTEREST

18.1. Directors must avoid all conflicts of interests in accordance with section 75 of the Companies Act.

18.2. Any conflict of interest in respect of a matter on any meeting agenda must be disclosed by the conflicted Director at the start of that meeting.

18.3. If any matter to be discussed at a meeting of the Board involves a Director with a conflict of interest, then the conflicted Directors shall not receive the relevant papers, shall not be present when the matter is discussed, and shall not participate in any decision on the matter.

18.4. A declaration of all conflicts of interests held must be tabled and duly confirmed and signed by each Director annually.

19. INDEPENDENT PROFESSIONAL ADVICE

19.1. Any member of the Board is empowered to consult independent experts when necessary and within his duties as a Director of the HOA.

19.2. All requests for independent, professional advice should be directed in writing to the Chairman.

19.3. Costs incurred as a result of the independent advice will be borne by the HOA subject to prior approval by the Board.

20. COMPLIANCE WITH THE CHARTER

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

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