THE COVES
NATURALLY PERFECT
THE COVES GOVERNING BODY NPC, REGISTRATION NUMBER: 2003/010909/08
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The Coves Governing Body NPC

BOARD CHARTER

1. INTRODUCTION

1.1. The Board of Directors of the Coves Governing Body NPC (“HOA”) acknowledges the need for a Board Charter that 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.

1.3. The duties and responsibilities of the Board as set out in this document are in addition to those duties and responsibilities that they have as members of the Board.

1.4. The Board should apply its collective mind to the information, opinions, recommendations, reports, and statements presented to it by its Committees and management.

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.

2.2. In particular, it recognises and outlines the Board’s role regarding its:

2.2.1. Ethical responsibilities;

2.2.2. The requirements for its composition;

2.2.3. Process, policy, and the criteria for appointments of Board members;

2.2.4. Meeting procedures;

2.2.5. The Board’s delegation of authority to its Committees and, in turn, to management to promote the Board’s effectiveness;

2.2.6. The Board’s responsibility is to ensure that it is a balanced Board that can discharge its governance role objectively and effectively.

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 partnership.

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 MOI prescribes both the composition of the Board and the process for electing 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 a director amendment form (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 of and balance of knowledge, skills, experience, diversity, and independence appropriate to the strategic objectives of the HOA.

4.7. Although Director appointments are initiated and led through AGM/SGM, the Board should strive to be balanced in terms of gender, race, and other demographics where opportunity exists.

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 behaviour 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 they serve. Should the director be unable to participate in the Board meeting, sufficient notice (5 days) must be given to the Chairman and Company Secretary, as per paragraph 17 below.

5.7. Directors are required to attend no less than 75% (seventy-five percent) of all duly convened Board meetings, whether held in person or via an approved virtual platform. In accordance with the Company's Memorandum of Incorporation (MOI), the Board must convene a minimum of one meeting per quarter, amounting to four (4) meetings per financial year. Directors are therefore obligated to attend no fewer than three (3) Board meetings per year.

5.8. Failure to comply with these attendance requirements may result in the Director being formally requested to tender his/her resignation, thereby enabling the Board to initiate the process for appointing a suitable successor to fulfil the associated responsibilities.

5.9. Directors must act as one board in relation to any other persons, staff members, or service providers. This is to uphold the integrity of the board.

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. This is a Voluntary Role.

7.2. Reasonable expenses incurred in the course of duties will be reimbursed upon submission of receipts.

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 with the members of the HOA and other stakeholders, along with sound and ethical corporate governance principles.

8.2. The Board shall steer and set direction concerning both the HOA's strategy and how 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 ongoing 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 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, set the standard for HOA-wide ethical conduct, and promote ethical behaviour and compliance with laws and regulations.

9.4. Exercise leadership, competence, fairness, business judgment, and act with integrity in the utmost good faith and honesty in all their dealings with or on behalf of the HOA and act in a transparent, accountable, objective, and responsible manner, independently of any outside fetter or instruction.

9.5. Never permit a conflict of duties and/or interests, and disclose potential conflicts of interest to the Board at the earliest possible opportunity.

9.6. Never discuss board matters and directors outside the board environment.

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 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.

10.2. Section 76 of the Act 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.

10.3. 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.

10.4. 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 concerning that matter; and had a rational basis for believing, and did believe, that the decision was in the best interests of the company.

10.5. 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.

10.6. 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 /VICE CHAIRMAN

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

11.2. The Chairman and Vice 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 may be a member of any Board committees subject thereto that he/she:

11.7.1. may be a member of the Financial / Audit Committee and/or Social, Ethics and Governance Committee, but may not chair these meetings;
11.7.2. may be a member of the Remuneration Committee but may not chair it; and
11.7.3. must be a member of the Nomination Committee and chair it.

11.8. The Chairman shall support 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 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.

11.13. 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.

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

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

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

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

11.18. 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 Estate Manager

12.1. The Estate Manager will be guided by the board for the successful implementation of the Association's strategy and the overall management and performance of the Association. The Association follows a centralised management structure, with all operations conducted through the Estate Manager.

12.2. An Estate Manager shall be appointed by the Board of Directors, or by a committee duly authorised by the Board, to manage and oversee the day-to-day operations of the HOA. The Estate Manager shall report directly to the Chairman of the Board. No Board member, other than the Chairman, shall issue instructions to, or otherwise engage directly with, the Estate Manager or any staff member without the prior express consent of the Chairman. Board members shall always conduct themselves in a manner that is respectful, professional, and fair towards the Estate Manager. The Estate Manager shall lead the implementation and execution of approved strategy, policy, and operational plans.

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

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

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

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

12.7. The Estate Manager shall liaise with service providers to optimise efficiency where required.

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

12.9. The Estate Manager shall attend HOA-related meetings (Board/SGM/AGM/Committee, etc.).

12.10. The Estate Manager is the person responsible for the management of the business of the Association and is under an obligation to continuously report to the Chairman of the board and to act on his/her instructions. Non-executive directors, including the chairperson/Vice chairperson, shall not be involved in the day-to-day operations of the business. All communication from members shall be referred to the

Estate Manager for action and response. Non-executive directors and the chairperson/s undertake to avoid interactions with members on a day-to-day basis and to refer these members to the Estate Manager. Should the Estate Manager require assistance with an issue raised by a member, he/she shall approach the board for assistance.

Only in situations where the Estate Manager is unable to deal with an issue raised by a member adequately, shall the matter be referred to the board. All communication from the board shall also be issued through the office of the Estate Manager.

13. BOARD COMMITTEES

13.1. The Board is authorised to form Committees to facilitate efficient decision-making, promote independent judgement, and 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 Committees by the Board.

14. DELEGATION

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

14.2. The delegation shall be formal and include the implementation and execution of the 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 as prescribed in the MOI.

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 will be 50% + 1 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.

16. ATTENDANCE AT BOARD MEETINGS

16.1. Members of management, assurance providers, and professional advisors may attend 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 a prior apology, with reasons, has been submitted to the Chairman.

16.3. The Chairman may, at his/her discretion, authorise 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 Vice Chair must preside over the meeting, and should the Vice Chair not be available, the directors present must elect one of the members present to act as Chairman.

16.5. A Director, who is absent 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 annual plan must ensure proper coverage of the matters laid out in this Charter.

17.2. A detailed agenda, together with Board papers, must be circulated to the Board and invitees at least three (3) days before each meeting.

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

17.4. Board Decisions are made primarily by consensus. Where a simple majority cannot reach consensus, the Chairman casts a deciding vote in the case of a tie.

17.5. Any Director may request, through the Chairman, Manager, or Company Secretary, that a matter requiring Board deliberation be added to the agenda.

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

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

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

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

18. DISCLOSURE AND CONFLICTS OF INTEREST

18.1. Directors must avoid all conflicts of interest 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. At the beginning of each meeting of the Board or its committees as appropriate, directors are required to declare whether any of them has any conflict of interest in respect of a matter on the agenda. Any such conflicts should be proactively managed as determined by the Board, including the recusal of the affected director from discussions and voting on the matter on the agenda;

18.4. 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/voting on the matter.

18.5. A declaration of all conflicts of interest held must be tabled and duly confirmed, and signed by each Director annually.

19. DISPUTE RESOLUTION

19.1. The Board believes that internal and external disputes should be resolved as effectively and expeditiously as possible. To this end, consideration should be given to each material, financial, or reputational dispute, whether through settlement, arbitration, mediation, litigation, or other forms of alternative dispute resolution, to determine the most effective approach to resolve the dispute in the best interests of HOA.

20. INDEPENDENT PROFESSIONAL ADVICE

20.1. Any member of the Board is empowered to consult independent experts when necessary and within his/her duties as a Director of the HOA if such expertise is not available within the Board.

20.2. All requests for independent, professional advice should be directed in writing to the Chairman of the Board for approval.

20.3. The HOA will pay costs incurred for the independent advice, limited to a maximum of R10,000.00 for the specified service or advice, limited to a total cost of R30,000.00 per annum. If the cost exceeds R10,000.00 per single event, prior approval from the board is required. Any amount requested must be within the approved budget.

21. COMPLIANCE WITH THE CHARTER

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

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

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DIRECTORS FULL NAME **SIGNATURE:**

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DATE

BOARD COMMITTEE CHARTER VERSION CONTROL

Date	Version	Process
23 January 2026	V1	