



TOBACCO INDUSTRY AND MARKETING BOARD

BOARD CHARTER

MARCH 2022

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BOARD CHARTER

The Board Charter for Tobacco Industry and Marketing Board (TIMB) sets out the functions and responsibilities of the Board in order to facilitate Board and Management accountability for the Authority's performance and strategic direction.

1. COMPOSITION OF THE BOARD

The Board shall consist of not less than seven and not more than eleven members who shall be appointed by the Minister after consultation with the President and in accordance with any directions the President may give him in terms of Section 4 of the Tobacco Industry and Marketing Act (Chapter 18:20) (herein the Act).

- 1.1 Of the members appointed in terms of subsection (4:1), at least one shall be a member of the Public Service employed in the Ministry for which the Minister is responsible (Sub-Section 4:*2)
- 1.2 Members shall be appointed for their ability and experience in agriculture, business or administration or their suitability otherwise for appointment as members.

2. CHAIRMAN AND VICE-CHAIRMAN OF BOARD

- 2.1 The Minister shall designate one member as Chairman of the Board.
- 2.2 The members shall elect one of their number as vice-chairman of the Board.
- 2.3 The vice-chairman of the Board shall exercise the functions of the chairman during any period that the chairman is unable to do so.
- 2.4 The CEO in consultation with the Chairman will set the agenda for each meeting in consultation with the Vice Chairman. Any Director may request that an item be added to the agenda.

3. TERM OF OFFICE OF MEMBER

- 3.1 A member shall hold office for a period of four years: Provided that the Minister may, on the appointment of a member, direct that he shall hold office for such lesser period as the Minister may fix as per Section 5 of the Act.

4. DISQUALIFICATION FOR APPOINTMENT AS MEMBER

- 4.1 In terms of Section 6 of the Act, The Minister shall not appoint a person as a member and no person shall be qualified to hold office as a member who has—

- (a) in terms of a law in force in any country—
 - (i) been adjudged or otherwise declared insolvent or bankrupt and has not been rehabilitated or discharged; or
 - (ii) made an assignment to, or arrangement or composition with, his creditors which has not been rescinded or set aside;

Or

- (b) within the period of five years immediately preceding the date of his proposed appointment, been sentenced to a term of imprisonment of or exceeding six months imposed without the option of a fine and has not received a free pardon.

5. VACATION OF OFFICE BY MEMBER

5.1 In terms of Section 7 of the Act, a member shall vacate his office and his office shall become vacant—

- (a) one month after the date he gives notice in writing to the Minister of his intention to resign his office or after the expiration of such shorter period as he and the Minister may agree; or
- (b) on the date he begins to serve a sentence of imprisonment the term of which is not less than six months, whether or not any portion has been suspended, imposed without the option of a fine in any country; or
- (c) if he becomes disqualified in terms of paragraph (a) of section six to hold office as a member (i.e. in terms of the law); or
- (d) if he is required in terms of section eight of the Act to vacate his office; or
- (e) if he is absent from three consecutive meetings of the Board of which he has had notice, without the permission of the Board.

6. MINISTER MAY REQUIRE MEMBER TO VACATE OFFICE OR SUSPENSION

6.1 In terms of Section 8 of the Act, the Minister may require a member to vacate his office if the Minister is satisfied that the member—

- (a) has been guilty of improper conduct as a member; or

(b) is mentally or physically incapable of efficiently performing his duties as a member.

- 6.2 The Minister may suspend from office a member against whom criminal proceedings are instituted for an offence in respect of which a sentence of imprisonment without the option of a fine may be imposed and, whilst that member is so suspended, he shall not carry out any duties or be entitled to any remuneration or allowances as a member.

7. FILLING OF VACANCIES

- 7.1 Section 9 of the Act specifies that on the death of, or the vacation of office by, a member, the Minister may appoint a person chosen in the same way as the member was chosen to fill the vacancy until the expiration of the period during which the member would, but for his death or the vacation of his office, have continued in office.

8. MEETINGS AND PROCEDURE OF BOARD

- 8.1 As provided for by Section 10 of the Act, the Board shall meet once every quarter for the dispatch of business and, subject to this section, adjourn, close and otherwise regulate its meetings and proceedings as it thinks fit.
- 8.2 The chairman of the Board may at any time and shall, at the request in writing of not less than two members, convene a special meeting of the Board.
- 8.3 If, at a meeting of the Board, the chairman/Deputy Chairman is/are absent, the members present shall appoint one of their number to preside at that meeting as chairman.
- 8.4 At any meeting of the Board, a majority of the membership of the Board shall form a quorum.
- 8.5 All acts, matters or things authorized or required to be done by the Board may be decided by a majority vote at a meeting of the Board at which a quorum is present.
- 8.6 At all meetings of the Board each member present shall have one vote on a question before the Board and, in the event of an equality of votes, the chairman shall have, in addition to a deliberative vote, a casting vote.
- 8.7 A resolution adopted by Written consent of a majority of the members, given in person or by electronic communication, provided that each member has received notice of the matter to be decided upon.

9. COMMITTEES OF BOARD

- 9.1 For the better exercise of its functions and powers, the Board may establish one or more committees in which may be vested and on which may be imposed such of the functions and powers of the Board as the Board may specify: Provided that the vesting or imposition of any such functions and powers in a committee shall not thereby divest the Board of such functions and powers and the Board may amend or withdraw any decision of any such committee in the exercise of its functions and powers.
- 9.3 The procedure of a committee shall be fixed by the Board.
- 9.4 The permanent Committees of the Board are the Production, Marketing and Risk Committee, Finance Committee, Audit Committee, Remuneration and Human Resources Committee.
- 9.5 Each Committee will be composed of at least three members who the Board considers best suited to fulfil the role of each Committee.
- 9.6 Committees will have access to sufficient resources to carry out their activities effectively.
- 9.7 The Board will establish Terms of Reference for Committees to set the constitutional base for each Committee, record their activities and provide guidance to Board Directors. The Terms of Reference of the Committees are attached to this Board Charter as annexes.
- 9.8 Committees will assist the Board by focusing on their mandated activities and reporting to the Board on recommendations made. The Board will from time to time, delegate to the Committees as appropriate its authority to act on its behalf in the implementation of Board decisions.

10. REMUNERATION AND EXPENSES OF MEMBERS AND MEMBERS OF COMMITTEE

- 10.1 A member of the Board or of a committee established in terms of section eleven shall be paid from the funds of the Board—
- (a) Such remuneration, if any, in line with all applicable; and

(b) Such allowance to meet any reasonable expenses incurred by Board Directors in connection with the business of the Board or that committee, as the case may be.

11. RIGHT OF CERTAIN OFFICERS TO ATTEND MEETINGS OF BOARD OR COMMITTEE

- 11.1 Such officers of the Public Service as the Minister may designate shall be entitled to attend meetings and to take part in the proceedings of the Board or of a committee established in terms of section eleven as if they were members thereof but they shall not have a vote on any question before the Board or committee, as the case may be.
- 11.2 The Board may also invite such employees of the Board and any other persons as it deems fit to attend Board Committee and Board meetings.

12. VALIDITY OF DECISIONS AND ACTS OF BOARD

- 12.1 No decision or act of the Board or act done under the authority of the Board shall be invalid by reason only of the fact that—
- (a) the Board did not consist of the full number of members for which provision is made in section four; or
- (b) a disqualified person acted as a member at the time the decision was taken, or the act was done or authorized.

13. SHAREHOLDERS

- 13.1 The business of the Board is managed by the Chief Executive Officer (CEO) under the direction of the Board.
- 13.2 The Board will receive regular information regarding shareholder issues.
- 13.3 The Chairman, Vice Chairman and CEO will represent the Board to the shareholder and will communicate the Board's position.

14. CONDUCT

- 14.1 Members must demonstrate high ethical standards and conduct in their personal and professional lives and be accountable for their decisions in their capacity as Members.
- 14.2 Each member shall ensure that no decision or action is taken that has the effect of placing his or her interests in priority to the interests of the Authority.

- 14.3 Members must commit to the collective, group decision-making processes of the Board. Individual Members shall always respect the contributions of other Members, and strive to understand their perspective and contributions to the Board debate and discussion. Members shall debate issues openly and constructively and be free to question or challenge the opinions presented at meetings where their own judgement differs from that of other Members.
- 14.4 All Members are expected to utilize their relevant skills, knowledge and experience for all matters discussed at Board meetings. The Chairman and the CEO shall ensure that they bring to all Board debates and discussions their unique knowledge, experience and perspective on the Authority's business.
- 14.5 Members must demonstrate the ability to cooperate with other Members to optimize the effectiveness of the Board.
- 14.6 Members shall endeavor to attend Board meetings in person. Members unable to attend a meeting must advise the CEO as soon as practicable.
- 14.7 Members must have or develop to the satisfaction of the Minister, the required knowledge base of TIMB's business to understand the basis from which corporate strategies are developed and business plans produced.

15. BOARD EVALUATION

- 15.1 The Board will conduct performance evaluations of the Board as a whole, its Committees, the Chairman, individual members, and the governance processes which support the Board's work.
- 15.2 All evaluations will have regard to the collective nature of Board work, and the operation of the governance processes established in this document. They will be conducted annually.

16. BOARD AND CEO RELATIONSHIP

- 16.1 In appointing the Board, shareholder vests the management and control of the business and affairs of the Authority in the Board.
- 16.2 The Board has reserved some matters to itself for decision and, *save* for those matters, has delegated authority for all other matters to the CEO.

17. POWERS RESERVED FOR THE BOARD

The Board has reserved for its sole discretion the following:

- 17.1 The drafting and adoption of the Board's strategic plan.
- 17.2 The appointment of the CEO and senior Management.
- 17.3 The disciplinary issues for the CEO and senior Management.
- 17.4 The approval of the annual operating budget, and monitoring performance against budget.
- 17.5 The approval of interim and final financial statements.
- 17.6 The approval of any significant change in accounting policies and practices.
- 17.7 Approval of Risk Management framework controls of the Board to ensure the appropriate compliance procedures are in place.
- 17.8 Significant acquisitions and other material transactions.
- 17.9 New issues of long-term debt.
- 17.10 Remuneration of the CEO, Management and staff.

18. DELEGATION TO THE CEO

- 18.1 Beyond the items listed as *reserved* for its sole discretion, the Board delegates to the CEO all authority to achieve the Board's strategic objectives.

19. ACCOUNTABILITY AND MONITROING

- 19.1 The CEO is accountable to the Board for the authority that is delegated to him, and the performance of TIMB.
- 19.2 The Board and its Committees shall monitor the implementation of the strategic plan by the CEO.
- 19.3 Throughout the annual Board cycle, the CEO will report on the progress being made by the Board towards meeting strategic objectives and towards short, medium and long-term plans.
- 19.4 The Board and its Committees will determine the information required.
- 19.5 The CEO (and his or her nominees) will supply the Board and its Committees with the information in a form that is appropriate to enable the Board and its Committees to make assessments and judgments, to conduct inquiries, and to gain assurance that the decisions and actions of the CEO, and the performance of Board are directed towards TIMB's strategic objectives.

20. REWARD AND EVALUATION

- 20.1 The Board will ensure that the structure of remuneration for TIMB (including for the CEO) is linked to the achievement of TIMB's strategic objectives.
- 20.2 The Board will ensure that performance requirements of the CEO are linked to the implementation of TIMB's strategy, and that systems of evaluation for the performance of the CEO and other Executives are based on the performance contracts.
- 20.3 The Chairman of the Board, drawing on guidance of the Remuneration and Human Resources Committee, will lead on behalf of all the Board Members an annual formal evaluation of the performance of the CEO.

21. ENGAGEMENT OF CONSULTANTS

Where it deems it necessary, the Board may, through a Board resolution, engage a consultant to aid in the undertaking of its work provided that the Board shall comply with the laws relating to public procurement in the engagement of any consultants.

APPROVED BY THE TIMB BOARD:

MR PATRICK DEVENISH
CHAIRMAN, TOBACCO INDUSTRY AND MARKETING BOARD