



CMED (PVT) LTD

BOARD CHARTER

Contents

1. Purpose	4
2. Interpretation	4
3. Objectives of the Board of Directors	4
4. Personal and Professional Characteristics of Board Members	5
5. Guiding Principles	6
6. Membership of Board	6
7. Board's Key Responsibilities	7
8. Chairman	8
9. Role of the Chairperson	8
10. Senior Executives and Management	9
10.1 Managing Director	9
10.2 Senior Management	9
11. Company Secretary	9
12. Board Tenure	10
13. Board Induction	10
14. Board Meetings	11
15. Non-Executive Meetings	11
16. Quorum	11
17. Voting at meetings	11
18. Board Committees	12
19. Independent Advice	12
20. Orientation and Continuing Education	13
21. Communication with the Board	13
22. Access/Attendance	13
23. Transaction of Business of an Urgent Nature	13
24. Minutes	14
25. Reporting	14
26. Ethical standards and code of conduct	14
27. Filling of vacancies	15
28. Vacation of office	15

29. Suspension from office.....	15
30. Remuneration and Expenses of Members.....	16
31. Board Performance Review	16
32. Shareholder Communications.....	17
33. Commitment to this Charter	17
34. Review of Board Charter	17

1. Purpose

This document sets out a framework to assist the Board of the Group to provide strategic guidance to the company and effective oversight of its management for the benefit of the shareholder and other stakeholders.

The framework adopts principles of good corporate governance and is designed to maximize the company's compliance with best practice requirements and its legal obligations under the Companies and Other Business Entities Act (COBE) and the Public Entities Corporate Governance Act (PECGA).

2. Interpretation

The CMED Act refers to the Central Mechanical Equipment Department (Commercialisation) Act, 2000 No. 14.

Board means the Board of Directors of CMED established in terms of the COBE (Chapter 23:03) as envisaged by Section 7(2) a of the CMED Act and Section 11 of the PECGA (Chapter 10:31).

CMED Means the company established in terms of the Central Mechanical Equipment Department (Commercialisation) Act.

Minister means Minister of Transport and Infrastructural Development or any other Minister to whom the President may from time to time assign the administration of the CMED Act.

3. Objectives of the Board of Directors

The main objectives of the Board of Directors are to bring an independent and objective view to the CMED's decisions and to oversee the performance and activities of management.

CMED directors are accountable to the Government of Zimbabwe (the shareholder) for the proper management of CMED's business and affairs.

4. Personal and Professional Characteristics of Board Members

The following characteristics and traits outline the framework for the conduct of Board of Directors:

a) Conduct and Accountability

Board members must demonstrate high ethical standards and conduct in their personal and professional lives and be accountable for their decisions in their capacity as board members. They must exercise a reasonable degree of care and diligence in the discharge of their duties.

b) Judgement

- Board members must demonstrate to the satisfaction of the Minister a capacity to provide sound advice on a broad range of industry and community issues.
- Board members must have or develop to the satisfaction of the Minister, the required knowledge base of CMED's business to understand the basis from which corporate strategies are developed and business plans produced.

c) Financial Literacy

Board members must demonstrate to the satisfaction of the Minister a sound level of financial literacy including the ability to understand financial statements to evaluate the financial health and performance of CMED.

d) Teamwork

Board members must demonstrate the ability to cooperate with the other board members to optimize the effectiveness of the Board.

e) Communication

Board members must demonstrate to the satisfaction of the Minister a willingness to listen as well as to communicate their opinions openly and in a respectful manner.

f) Experience

Board members must demonstrate to the satisfaction of the Minister a high level of achievement in their personal and professional lives that reflects high standards of personal and professional conduct.

- g) Knowledge of the provisions of the Act and the Public Entities and Corporate Governance Act

It shall be the duty of each and every Board Member to ensure that they familiarize themselves with the requirements of the CMED Act and the Board roles as provided in the Public Entities and Corporate Governance Act.

5. Guiding Principles

In the performance of its responsibilities, the Board shall be guided by the following principles:-

- a) The need to ensure efficient and economic use of available resources;
- b) Ensure that the Company provides services impartially, fairly, equitably and without bias;
- c) Ensure responsiveness to the needs of the people of Zimbabwe, including the prompt and sensitive processing of complaints by members of the public with respect to the entity's interaction with them;
- d) The need to cooperate with governmental institutions and other public entities;
- e) Openness and transparency in the internal workings and procedures of public entity concerned and in its dealings with the public;
- f) Maximise the deployment of the company's human resources; and
- g) Ensure commercial viability in the operations of the Company.

6. Membership of Board

- a) The Board shall consist of not less than six and not more than eight members who shall be appointed by the Minister after consultation with the President and in accordance with any directions the President may give him.
- b) There should be an appropriate balance between executive and non-executive directors and not less than sixty percent of board members should be non-executive directors. Executive Directors shall comprise the Managing Director and the Finance Director.
- b) Members shall be appointed for their ability and experience in law, accountancy/finance, business, risk management, engineering and human resources or their suitability otherwise for appointment as members.

- c) Appointment of Board Members shall be governed by the provisions of CMED (Commercialisation) Act and the Public Entities Corporate Governance Act.

7. Board's Key Responsibilities

The Board's key responsibilities shall include;

- Determining the company's purpose, vision, mission and values;
- Overseeing the conduct of CMED's business in order to evaluate whether the business is being properly managed.
- Establishing, monitoring and modifying CMED's financial objectives, financial results and corporate strategies.
- Ensuring that appropriate risk management systems, internal control and reporting systems and compliance frameworks are in place and operating efficiently.
- Reviewing and approving material transactions as well as monitoring the progress of major capital expenditure, capital management and acquisitions, divestments and loan facilities.
- Ensuring responsible corporate governance is practiced at CMED.
- Selecting, appointing, evaluating the performance of, determining the remuneration of, planning for the successor of and, where appropriate, removing the Managing Director in compliance with the Public Entities Corporate Governance Act.
- Monitoring the performance of CMED's management which will have the responsibility for the day-to-day operations of CMED. The Board will ensure that the Managing Director and other senior executives have performance contracts, copies of which should be submitted to the parent Ministry and the Corporate Governance Unit as applicable, in terms of the Public Entities and Corporate Governance Act.
- Ensuring that the concerns and needs of the public are addressed.
- Approving the strategic direction and goals of CMED. To that end, the Board shall draw up a Strategic Plan setting the entity's objectives and priorities for a period of 5 years and oversee the execution and implementation of the Strategic Plan.
- Ensuring that the objectives of the company are achieved in efficient and cost effective way.
- The Board shall annually review its Strategic Plan and performance contracts with senior staff and report results of the reviews to the line Minister and the Minister responsible for the Public Entities and Corporate Governance Act.
- Ensuring that members of the general public are treated with respect and in an impartial manner.
- Board members shall enter into a performance contracts with the Minister regarding their performance of duties as Board members of CMED.

- Duty of good faith, loyalty, care, skill and diligent in the discharge of their functions.
- Ensuring that procedures, policies and practices are established and implemented.
- Ensuring that technology and systems used by the company are adequate to run its business viably
- Performing such other functions as prescribed by the CMED Act, the Public Entities Corporate Governance Act and other relevant Government regulations and policies.

8. Chairman

The Minister shall designate one member as Chairman and another member as Vice Chairman of the Board and the Vice Chairman shall exercise the functions of the Chairman during any period that the Chairman is unable to do so.

9. Role of the Chairperson

The role of the Chairperson is to ensure that the Board is functioning effectively. The responsibilities of the Board Chairperson shall include:

- Chairing Board meetings.
- Establishing the agenda for, and frequency of, Board meetings (together with the Corporate Secretary and in consultation with the Managing Director)
- Ensuring that the Board's decisions have been implemented.
- Ensuring that the business of the Board is well organized, conducted and that the Board discharges its duties smoothly and efficiently.
- Ensuring that all the Board Members are fully involved and informed of any business issues on which a decision has to be taken.
- Developing a Performance Agreement with the Managing Director and reviewing his performance against this Agreement regularly.
- Provide guidance and mentoring to the Managing Director.
- Being receptive to shareholders' views and communicating these views to members of the Board.
- Being the spokesperson for the Board.
- Ensuring that the Board receives information that is satisfactory to form sufficient basis for the Board's decision – making process.
- Ensuring that the Board regularly evaluates its work.
- Coordinating the work of the Board and its committees and ensuring that the Board Members are provided with timely information relevant for performing their duties and responsibilities.
- Reporting to the Minister on the activities of the Board of Directors and CMED.

- Working closely with the Corporate Affairs Executive and Company Secretary in ensuring that all times the Board Members fully understand the nature and extent of their responsibilities as directors in order to ensure the effective governance of CMED.

10. Senior Executives and Management

10.1 Managing Director

The Managing Director is responsible for the executive management of the Group and is accountable to the Board for its day-to-day operations. The Managing Director is authorized by the Board to delegate such of the powers conferred by the Board, as the Managing Director deems appropriate.

10.2 Senior Management

The Board delegates authority over the day-to-day management of the Group to the Managing Director. This delegation of authority includes the following responsibilities:-

- a) Developing business plans, budgets and Group strategies for consideration by the Board and, subject to their approval by the Board, implementing those plans, budgets and Group strategies;
- b) Identifying and managing operational risks on a day-to-day basis and, where those risks could have a material impact on the Group's operations, creating strategies for managing those risks for consideration by the Board;
- c) Managing the Group's current financial and other reporting mechanisms, as well as its control and monitoring systems to ensure these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;
- d) Ensuring that the Board and Board Committees are provided with sufficient information on a timely basis regarding the Group's operations, performance, financial conditions, operating results and prospects, to enable the Board and Board Committee to fulfill their governance obligations; and
- e) Implementing the policies, processes and codes of conduct approved by the Board.

11. Company Secretary

The Corporate Affairs Executive and Company Secretary shall be the Board Secretary and his/her role shall be;

- (a) To ensure that the Board functions effectively. This entails providing the Board and individual directors with detailed guidance as to the nature and extent of their duties and responsibilities and, more importantly how such duties and responsibilities shall be properly discharged in the best interests of CMED and the shareholders.
- (b) To circulate to Board Members materials such as Financial reports, relevant committee minutes and other background materials seven days before scheduled meetings and during months when the Board is not scheduled to meet.
- (c) To co-ordinate the inductions of new Directors, and together with the Chairperson of the Board and Managing Director, develop mechanisms for providing continuous education and training for Board members in order to improve and maintain the effectiveness of the Board.
- (d) To assist the Chairperson and the Managing Director in developing an Annual Board Plan and other strategic issues of an administrative nature that affect the Board. The Board Secretary shall provide guidance and advice to the Board and the Management Team on matters of ethics and good governance.
- (e) To keep a register of disclosures of interest with respect to each Director. Nonetheless, it is the responsibility of each Director to comply with section 34 of the Public Entities Corporate Governance Act on the management of conflict of interest.
- (f) The Corporate Affairs Executive and Company Secretary shall report functionally to the Managing Director and administratively to the Board Chairman and is accountable to the Board as a whole.

12. Board Tenure

- (a) A member shall hold office for such period not exceeding four years as the Minister may fix on his/her appointment.
- (b) On the expiry of the period for which a member has been appointed, the Minister may, in his own discretion extend term of office by a further term of office of up to four years, beyond which the Board member ceases to be eligible for further re-appointment.

13. Board Induction

All new Directors appointed to the Board undertake a formal induction program coordinated by the Corporate Affairs Executive and Company Secretary.

14. Board Meetings

The Companies and Other Business Entities Act, Public Entities Corporate Governance Act and Articles and Memorandum of Association govern the conduct of meetings of the Board.

- (a) The Board shall meet on a quarterly basis.
- (b) The Chairman of the Board may himself/herself at any time and shall, at the request of a member or management convene a special meeting of the Board.
- (c) The dates, times venues and agendas of each meeting of the Committee will be notified by the Corporate Affairs Executive and Company Secretary to all members of the committee at least, seven days before the meeting or as soon as practicable in case of emergency business.
- (d) The Agenda for Board meetings and Special/Extraordinary Board Meetings shall be drawn up by the Corporate Affairs Executive and Company Secretary with the approval of the Board Chairman, in consultation with the Managing Director.
- (e) If, at a meeting of the Board, the Chairman and the Vice-Chairman are both absent, the members present may elect one of their numbers to preside at that meeting as Chairman.

15. Non-Executive Meetings

The Non-executive Directors of the company shall from time to time meet separately without Executive Management after Board Meetings on a need basis.

16. Quorum

The quorum at Board meetings is set at four.

17. Voting at meetings

- (a) 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.

- (b) At all meetings of the Board each member present shall have one vote on every question before the Board and, in the event of an equality votes, the Chairman shall have a casting vote in addition to a deliberative vote.
- (c) Any proposal circulated among all members and agreed to in writing by a majority of all members shall be of the same effect as a resolution passed at duly constituted meeting of the Board and shall be incorporated in the minutes of the next succeeding meeting of the Board unless if a member requires that such a proposal be placed before a meeting of the Board.

18. Board Committees

The Board is assisted in the discharge of its responsibilities by a number of Board Committees, which are responsible for particular aspects of the operation of the company. These committees act by examining relevant matters and making recommendations to the Board.

The Board may establish additional committees to assist it in carrying out its responsibilities. The Board may also delegate specified responsibilities to adhoc committees from time to time. Formal charters setting out the objectives, scope and administration of each committee have been created.

Directors must be satisfied that the members of the Board Committees are competent and reliable and will exercise their delegated functions in accordance with Directors' duties. Membership and performance of Board Committees is assessed once every year by those committees and the Board.

The Board Committees in place are:-

- i. Business Development and Risk Management Committee
- ii. Budget and Finance Committee
- iii. Human Resources Management Committee
- iv. Legal and Corporate Governance Committee
- v. Board Audit Committee

A separate charter exists for each Board Committee.

19. Independent Advice

Directors are free to take independent professional advice on matters pertaining to their roles and responsibilities as directors of CMED. CMED shall pay the reasonable legal costs incurred by a director in doing so, provided that before seeking independent advice, the

concerned Board member discusses the requirement for the advice with the Chairman and gets the Chairman's approval.

20. Orientation and Continuing Education

The Board will annually approve a training programme on board orientation and continuing education so that members of the Board may maintain or enhance their skills and abilities as directors and keep their knowledge and understanding of CMED's current business activities.

21. Communication with the Board

Shareholders and other interested parties desiring to communicate with the Board should direct their enquiries and communication to the Chairman, CMED Board of Directors, c/o Company Secretary, Cnr H. Chitepo & R. Tangwena, Private Bag 7719, Causeway, Harare.

The Directors have appointed the Corporate Affairs Executive and Company Secretary as their agent in processing enquiries and communication received and forwarding such enquiries and communication to the appropriate person or committee.

22. Access/Attendance

Executives, Managers and other employees shall attend Board meetings only upon being invited by the Board Chairman in consultation with the Managing Director. Management however attends respective committee meetings as technical persons.

The Board of Directors has free and full access to management regarding all matters of compliance and performance through the Managing Director.

23. Transaction of Business of an Urgent Nature

If it is not practicable to hold a meeting of the Board for the transaction of business of an urgent nature, the Chairman, after consulting other members as are available in the circumstances, may deal with the business himself and, as soon as practicable thereafter, shall give to the Board full particulars of the nature and extent of the urgency of the business, the circumstances in which the urgency arose and the action taken by him in the matter.

Urgent matters that cannot wait until the next Board meeting can be dealt with by Consent or Round Robin resolutions. Consent resolutions should, where possible, be approved by the Board Chairman before being circulated.

Consent resolutions must be signed by all directors approving the action and will be entered in the Board Minute Book. If all Directors approving the action do not sign the resolution, the item is deferred to the next Board meeting.

24. Minutes

Minutes of the meetings of the Board of Directors and resolutions of Directors must be prepared by the Company Secretary within one week as required, approved by the Chairman, and circulated to all members of the Board of Directors. Minutes of meetings must be confirmed and signed at the next subsequent meeting of the Board of Directors.

All board resolutions must be submitted to the Minister of Transport and Infrastructural Development and the Corporate Governance Unit in the Office of the President and Cabinet signed by the Board Chairman after confirmation by the Board.

25. Reporting

In line with section 33 (4) of the Public Entities Corporate Governance Act, the Board shall meet the line Minister twice a year to review the Company's performance, its Strategic Plan and other compliance matters.

The Board may also submit performance or any other reports as may be required by the line Minister.

26. Ethical standards and code of conduct

The Company has a Code of Ethics that provide mechanisms by which Directors, Management and Staff are required to declare a conflict of interest or duty, with the aim of avoiding any actual, potential or perceived conflicts of interest or duty. It also provides a mechanism by which any actual, potential or perceived conflict of interest or duty is managed.

As a matter of Board policy, directors and management are expected to conduct themselves with the highest ethical standards. All Directors, executives and staff are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Group.

Board members and senior staff are required to declare assets in compliance with section 12 of Statutory Instrument 168 of 2018 (Public Entities Corporate Governance (General) Regulations, 2018).

27. Filling of vacancies

On the death of or the vacation of office by a member(s) that leaves the number of members of the Board below the number set as the quorum of the Board, the Managing Director will in terms of section 11 (11) of the Public Entities Corporate Governance Act advise the Minister of the vacancy to ensure there is always a quorum.

28. Vacation of office

1. A member shall vacate the 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) Thirty days after the date he is sentenced by a court to imprisonment after conviction of an offence unless he applies for a free pardon or appeals and the application or appeal is successful.
2. The Minister may require a member to vacate his office if the member –
 - (a) has been guilty to improper conduct as a member; or
 - (b) has failed to comply with the conditions of his office fixed by the Minister in terms of the COBE & Public Entities Corporate Governance Act;
 - (c) becomes disqualified for appointment to the Board;
 - (d) is mentally or physically incapable of efficiently performing his duties as a member.
 - (e) individually or together with other members of the Board, has failed to draw up a strategic plan or to comply with its provisions or to attain any material objective set out in it;
 - (f) he/she has been absent without just cause and without leave of the Board or its chairperson, from three or more consecutive meetings of the board.

29. Suspension from office

The Minister –

- (a) may suspend from office a member against whom criminal proceedings are instituted for an offence in respect of which a sentence or imprisonment without the option of a fine may be imposed; and

- (b) shall suspend from office a member who has been sentenced by a court to imprisonment without the option of a fine, whether or not suspend, pending determination to the question whether he is to vacate his office; and whilst that member is so suspended he shall not carry out any duties or be entitled to any remuneration as a member.

30. Remuneration and Expenses of Members

The level of remuneration of non-executive Directors will be set in terms of section 12 and 14 of the Public Entities Corporate Governance Act.

A member of the Board or member of a committee of the Board, both Executive and Non-Executive Board members, shall be paid from the funds of the CMED:-

- (a) such remuneration, as the Minister responsible for the Public Enterprise Corporate Governance Act may fix , after consultation with the Minister of Finance and the Minister;
- (b) the remuneration covers retainer fees, sitting allowances, out of pocket expenses and other payments or benefits compatible with service as a director.
- (c) Subject to the Company's cashflow position, Retainer fees are paid at the beginning of the quarter they are payable while Board and Committee sitting fees are paid in arrears.

31. Board Performance Review

The Board shall have the responsibility for regularly assessing the effectiveness of the Board, the committees of the Board and each individual director. An assessment may consider:

- (i) in the case of a Board or a committee of the Board, its charter; and
- (ii) In the case of an individual director, the applicable position description, as well as the competencies and skills each individual director is expected to bring to the Board.

32. Shareholder Communications

CMED (Private) Limited aims to ensure that the shareholder is well informed of all major developments affecting the state of affairs of the Group. To achieve this, the Group has implemented the following procedures:-

- Annual General Meetings will be convened as per statutes
- Shareholder participation is encouraged at Annual General Meetings to ensure a high level of accountability and discussion of the company's strategy and goals. The Group also invites the external auditor to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

33. Commitment to this Charter

By appending a signature below, the Board member agrees and commits to be bound by the terms and the spirit of this Charter, as amended, from time to time.

34. Review of Board Charter

The Board will review this Charter and the Charters of its Committees annually and make any necessary or desirable amendments to ensure they remain consistent with the Board's objectives, current law and best practices.

Approved by the Board of Directors on thisday of2024.

.....

Chairman of the Board of Directors

.....

Dr Eng T. Stevenson
Board Chairperson

.....

Prof M. Mutema
Vice Chairman

.....
Mrs M. Sanzira

.....
Mr W. Motsi

.....
Eng I.D Michael

.....
Mrs P. Musarurwa

.....
Mrs B. Murasiranwa- Hughes

.....
Eng D. Mhaka

.....
Mr A. Mugida