

THE BOARD CHARTER

FOR THE MINERALS MARKETING CORPORATION OF ZIMBABWE

INTRODUCTION

The Board of Directors (“the Board”) of the Minerals Marketing Corporation of Zimbabwe (“MMCZ”) has drawn up and adopted this Board Charter (“the Charter”) in terms of good and sound corporate governance principles and best practice. This Charter is subject to the provisions of the Minerals Marketing Corporation of Zimbabwe Act (“Cap 21:04”), Public Entities Corporate Governance Act (Cap 10:31), any lawful directives issued in terms thereof and any other applicable law or regulatory provision. This Charter helps the Board to ensure that it has the necessary authority and procedures in place to oversee the work of the MMCZ Management and to exercise independence in evaluating MMCZ’s business operations. The Charter also allows the Board to align the interests of the Directors and Management with those of MMCZ’s stakeholders. The Board will review this Charter annually or more often if deemed necessary.

THE MMCZ BOARD

1. The Size and Composition

- 1.1 The Board is composed of its General Manager and not fewer than six (6) and not more than ten (10) members appointed in terms of Section 5 of Cap 21:04.
- 1.2 The Board is a unitary one composed of both Executive and non-Executive Directors with a majority of non-Executive Directors of whom a majority shall be independent.
- 1.3 The Board’s Chairman shall be an independent non-Executive Director.
- 1.4 MMCZ’s Management is headed by the General Manager, nominated by the line Minister defined as such in Cap 21:04 and appointed by MMCZ, subject to the terms and conditions prescribed by the Board.
- 1.5 The composition of the Board shall reflect the outcome of the level and extent of consultations referred to in section 5 of Cap 21:04 as further informed by the objectives for which MMCZ exists to achieve.
- 1.6 The roles of the Chairman and General Manager of MMCZ shall be kept separate to ensure a balance of authority and power.

- 1.7. The mix of skills, knowledge and experience in the Board must be wide ranging without compromising common purpose, involvement, participation and a sense of responsibility among the members necessary to meet MMCZ strategic objectives.

2. Roles or Functions of Board Members

A role or function is a set of tasks to be performed arising from a position held. The following are roles or functions of MMCZ's Board Members:

- 2.1 Determine MMCZ's purpose (vision and mission) and values.
- 2.2 Set strategy to achieve purpose.
- 2.3 Exercise leadership, enterprise, integrity and judgment for MMCZ to prosper.
- 2.4 Ensure establishment of systems (procedures, policies and practices) to protect the assets and reputation of MMCZ.
- 2.5 Approve, monitor and evaluate the implementation of strategies, policies and business plans.
- 2.6 Identify key risk areas and key performance indicators in order to generate stakeholder value.
- 2.7 Ensure that technology and systems used by MMCZ are adequate to run its business viably.
- 2.8 Ensure MMCZ complies with all relevant laws, regulations and best business practices.
- 2.9 Establish succession plans for Executive Directors and other senior management officials for MMCZ.

3. Responsibilities of Directors

A responsibility is an obligation to ensure that certain tasks are performed both by the person who bears the responsibility as well as others. MMCZ's Directors have the obligation to ensure that the following tasks are performed:

- 3.1. Ensure that each director of MMCZ has time to devote to the entity.



**MINERALS MARKETING
CORPORATION
OF ZIMBABWE**

- 3.2. Each MMCZ Board member is informed about the financial, social and political milieu in which MMCZ operates.
- 3.3. Each MMCZ Board member is satisfied that he or she is in a position to make informed decisions.
- 3.4. Each Board member of MMCZ must be prepared to disagree with fellow directors if necessary in the interests of MMCZ.
- 3.5. Each Board Member of MMCZ must act independently of any outside letter or instruction.
- 3.6. MMCZ's Board members should obtain independent professional advice if in doubt about any aspect of their duties.
- 3.7. MMCZ Board members must ensure that confidential matters of MMCZ are treated as such and divulged to no one without the authority of the MMCZ Board.
- 3.8. Each member of the MMCZ Board must ensure that MMCZ prepares annual budgets against which MMCZ's performance can be monitored.
- 3.9. Each Board Member of MMCZ should ensure that procedures and systems are in place to act as checks and balances on the information received.
- 3.10. Each Board Member of MMCZ should ensure that MMCZ's Board monitors the performance of its Management and the senior management team.

4. Duties of Directors

- 4.1. A duty is an act or omission expected to be performed by one in accordance with the moral dictates of the office or position he or she holds.
- 4.2. The duties of MMCZ's Directors are basically the time honoured four; good faith, care, skill and diligence.

Good faith – means a director on MMCZ's Board must:

- a. honestly apply his or her mind and act in the best interest of MMCZ at all times.

N.B. Section 22 of Cap 21:04 encompasses national interests of Zimbabwe together with common and individual interests of Mineral Producers.



**MINERALS MARKETING
CORPORATION
OF ZIMBABWE**

- b. Ensure that there is no conflict between his interests and those of MMCZ.

N.B. Section 15 of Cap 21:04 enjoins members of the Board to disclose forthwith any conflict of interest.

Care – means an MMCZ Board member must:

- a. Act with a degree of care reasonably expected of a person with his or her level of knowledge and experience
- b. Be a steward of MMCZ's assets and not use MMCZ's assets for personal interests.
- c. Honestly apply his or her mind in making a decision in regard to the enterprise side of MMCZ's business operations.

Skill – means an MMCZ's director must:

- a. Apply his or her practice abilities in MMCZ's interests.
- b. Use his practised abilities to add value to the debate around the table especially in making a business judgment call.

Diligence – means a Board Member of MMCZ must:

- a. Do his or her homework and come to the decision making table fully informed about the issues to be decided upon.
- b. Understand the issues and information given to him or her – must study the Board pack furnished to him/her to be able to meaningfully participate at the Board meeting.

5. Appointment, Term Limits and Succession

The period of office for Directors shall be as follows:

- 5.1. New directors shall hold office for four (4) years.
- 5.2. All directors are subject to retirement by rotation and re-election by the line Minister at least once every four (4) years consistent with section 6 of Cap 21:04 and section 11 Public Entities Corporate Governance Act.
- 5.3. The termination of service of any Executive Director for whatever reason shall result in the resignation of that director from the Board.
- 5.4. Appointments to the Board by the line Minister shall be formal and transparent.

5.5. On appointment to the Board, non-Executive Directors shall receive their formal letter of appointment setting out clearly what is expected of them in terms of their roles and responsibilities, time commitment, committee service and involvement of outside board meetings. This Board Charter shall be attached to all letters of appointment and be specially incorporated by reference.

5.6. Any director shall be at liberty to accept appointments to other Boards provided that such appointments do not result in any conflicts of interest with MMCZ and result in violation of the provisions of the Public Entities Corporate Governance Act. However, the appointment of an Executive Director to another Board shall be subject to the policy adopted by MMCZ.

6. Board member qualifications

The directors should possess:

6.1. The highest personal and professional ethics, integrity and values and be committed to representing the long term interests of MMCZ and its stakeholders.

6.2. An inquisitive and objective perspective, practical wisdom and mature judgment.

6.3. Interest and skill relevant to MMCZ's objectives.

7. Independence of Directors

Independence of directors as referred to in this Charter shall be determined by the Board informed by best practice and sound corporate governance principles.

8. Director Orientation and Continuing Education

All new directors must participate in MMCZ's orientation programme which should be conducted within three (3) months of election. This orientation will include presentations by Senior Management to familiarize new directors with the company's strategic plans, significant financial accounting and risk management issues, compliance programmes, code of ethical business conduct, its principal officers and internal and independent auditors. In addition, this orientation programme will include visits to MMCZ's various stakeholders and to the extent practical, all business units. All directors are also encouraged to attend, at MMCZ's expense, director continuing education programmes offered by various organizations.

9. **Board interaction with stakeholders**

MMCZ's Management, represented by its General Manager is responsible for establishing effective communications with MMCZ's stakeholders including shareholders, customers, communities, employees, suppliers, creditors, government and corporate partners. It is the policy of the Board that the General Manager or his appointee speaks for MMCZ. This policy does not preclude independent directors from meeting with stakeholders but where appropriate, Management should be present in such meetings.

10. **Board Meetings and Attendances**

10.1. **Agenda**

The Chairman of the Board and the General Manager, taking into account suggestions from other members of the Board, shall set the agenda for each Board meeting and the Company Secretary will distribute this agenda at least five (5) days in advance of the meeting to each director.

10.2. **Advance Distribution of Materials**

10.2.1. All information relevant to the Board's understanding of matters to be discussed at an upcoming Board meeting should be distributed in writing or electronically to all members at least five (5) days in advance of the meeting wherever feasible and appropriate. This will help facilitate efficient use of meeting time.

10.2.2 In preparing this information, Management should ensure that the materials distributed are as concise as possible and yet give directors sufficient information to make informed decisions.

10.2.3. The Board acknowledges that certain items to be discussed at Board meetings are of an extremely sensitive nature and that distribution of materials on these materials prior to Board meetings may not be appropriate.

10.3. **Access to Employees**

The Board shall have access to MMCZ's employees in order to ensure that directors can ask all questions and glean all information necessary to fulfill their duties. The Board may specify a protocol for making such enquiries.



10.4. Management Participation

Management is encouraged to invite MMCZ personnel to any Board meeting at which their presence and expertise would help the Board have a full understanding of matters being considered.

10.5. Meeting Discussions and Procedures

- a. The Board's discussions at meetings shall be open and constructive. The Chairman shall seek a consensus in the Board but may, where necessary, call for a vote.
- b. Discussions and records shall remain confidential unless a specific directive is received from the Board to the contrary.
- c. At each meeting, the Board shall, at a minimum, consider the matters laid out in the Agenda.
- d. Meetings of the Board shall be held at such venue and at such time as the Board deems appropriate, but it shall normally meet at least four (4) times a year or at the request of Management or the Chairman of the Board, or the Board members.
- e. Directors shall use their best endeavours to attend Board meetings and prepare thoroughly for each meeting. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their knowledge, skills and abilities to the Board. Directors who are unable to attend shall advise the Company Secretary.
- f. The Chairman may, for good reason, request Executive Directors to leave the Board room for any part of the board meetings. This is especially so during deliberations relating to executive performance and remuneration.
- g. Professional Advisors, officers or members of staff whose input may be required, or who may be invited for the purposes of, *inter alia*, capacity building for potential directors may be invited to the meetings at the discretion of the Chairman.
- h. The Chairman may excuse from the meeting or from any item on the agenda, any of the attendees at a meeting who may have or may be considered by the Board to have a conflict of interest.
- i. No invitee shall have a vote at meetings of the Board.

10.6. Proceedings of Meetings

- a. Meetings and proceedings of the Board shall be governed by this Charter as read with section 9 of Cap 21:04.
- b. An annual calendar of meetings, with an outline of the business to be considered at each meeting, shall be drawn up by MMCZ's Company Secretary in conjunction with MMCZ's Chairman and General Manager. It shall be presented for advance agreement by the Board.
- c. Unless under exceptional circumstances, at least five (5) working days notice shall be given of a meeting of the Board. Such notice shall, where possible, include the agenda and any supporting papers.
- d. The quorum for any meeting of the Board shall be at least 50% of the elected members of the Board, the majority of whom should be independent non-Executive members.
- e. Each Board member is responsible for being satisfied that objectively he or she has been furnished with all the relevant information and facts before making a decision.
- f. Any director may not vote nor be counted in the quorum for any matter in which he or she has an interest. Additionally he or she may be recused from any meeting at the discretion of the Chairperson when such matters are discussed.
- g. Executive directors shall distinguish between their roles as directors and managers. If these roles conflict, they shall withdraw from relevant discussion and voting. An executive director when acting as a director as opposed to when acting as a manager, is not accountable to the General Manager in the hierarchical sense for their actions or vote.
- h. Decisions will be made by majority of votes and in case of an equal vote, the Chairperson shall have a second or casting vote.
- i. The Minutes of the meetings shall be taken by the MMCZ Company Secretary and shall be circulated to all directors of the Board within ten (10) working days of the relevant Board meeting. The Minutes shall record the proceedings and discussions taken, the details of which will remain confidential.
- j. A record shall be kept of the attendance of directors at the board meetings.

- k. The Board shall make a statement in the annual report on its terms of reference and activities, the processes used in discharging its responsibilities and duties, membership of the various Board Committees, and number of Board and Committee meetings and the attendance of members over the course of the year.

10.7. Professional or business services provided by directors.

- a. Non-Executive directors may not generally provide any professional services to MMCZ.
- b. MMCZ may however, for the purposes of a special assignment, engage the services of a director with a specific field of expertise to undertake a specific task. In such event the scope of the task will be defined and agreed upon and a disclosure thereof shall be made to the Board at the next meeting date.
- c. The terms of the engagement shall be competitive, clearly recorded and all legal requirements with regards to disclosure shall be complied with.

11. The role of the Chairman

- 11.1. The chairman of the Board shall be appointed by the line Minister and shall be an independent non-Executive Director.
- 11.2. The Chairman is responsible for ensuring the integrity and effectiveness of the Board and its Committees.
- 11.3. The Chairman is required to:
 - a. Provide overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions.
 - b. Ensure that all the Board Members are fully involved and informed of any business issue on which a decision has to be taken.
 - c. Ensure that Executive directors play an effective management role and participate fully in the operation and governance of MMCZ.
 - d. Exercise independent judgment, act objectively and ensure that relevant matters are placed on the agenda and prioritized properly.
 - e. Avail himself/herself to the General Manager between Board meetings to provide counsel and advice.



**MINERALS MARKETING
CORPORATION
OF ZIMBABWE**

- f. Ensure that the performance of the General Manager is evaluated frequently.
- g. Act as the main informal link between the Board and Management, represented by the General Manager.
- h. Harness input of the Board members and to act as conciliator between MMCZ directors - he must lead the Board in discussion, reasoning and decision making.

N.B. Section 18 of Cap 21:04 empowers the Board Chairman to make decisions on urgent issues "after consulting such of other members as is practicable in the circumstances".

- i. Direct Board meetings.
- j. Know the strengths and weaknesses of each Board Member.
- k. Ensure that the Board pack has information couched in understandable language - no jargon should be used.
- l. Be a good listener, and to be the last person to enter the debate and the last person to express his/her view on an issue.
- m. Have the skill to draw the threads of a discussion together so that a fabric is woven of the discussion which when inspected will show that the directors truly applied their minds to the issues.
- n. Liaise with Chairpersons of every Board Committee.
- o. Ensure that Board Members operate as a team, but should encourage creative tension between them to allow for effective debate in the Boardroom.
- p. Try and meet at least twice a year with outside directors without management being present to discuss performance issues concerning management and the business.
- q. Ensure that Chairperson of Committees attend meetings.
- r. Know his/her rights and duties when chairing both Board and general meetings.
- s. Interface with stakeholders of MMCZ on a need to know basis.

12. The role of the General Manager

- 12.1. The General Manager's responsibility is to focus on the operations on MMCZ, ensuring that it is run efficiently and effectively in accordance with the strategic decision of the Board.
- 12.2. He/she is accountable to the Board for, inter alia:
- a. The development and recommendation to the Board of the strategy and vision of the organization and the annual business plans and budgets that support the organisation's long term views.
 - b. The achievement of performance goals, objectives and targets.
 - c. The maintenance of an effective management team and management structures.
 - d. Ensuring that appropriate policies are formulated and implemented to guide activities.
 - e. Ensuring that effective internal organization and governance measures are deployed.
 - f. Serving as the chief spokesperson of MMCZ.

13. The role of the Company Secretary

The MMCZ Company Secretary is accountable to the Board for:

- 13.1. Ensuring that Board procedures are followed and reviewed regularly and that applicable rules and regulations for the conduct of the affairs of the Board are complied with.
- 13.2. Guiding Board members as to how their responsibilities should be properly discharged in the best interests of MMCZ.
- 13.3. Keeping abreast of, and informing the Board, of current and new developments regarding corporate governance thinking and practices.
- 13.4. Maintenance of statutory records in accordance with the legal requirements.

14. Duties of Individual Board members and disclosure of information

- 14.1. Board members act jointly when discharging their duties and no board member has authority to act on behalf of MMCZ unless specifically authorized or



**MINERALS MARKETING
CORPORATION
OF ZIMBABWE**

requested by the Board. Board members are jointly and severally liable and accountable to board decisions and actions.

- 14.2. Board members are legally obliged to act in the best interests of MMCZ, to act with due care in discharging their duties as Board members, to declare and avoid conflicts of interests and to account for any advantages gained in discharging their duties on behalf of MMCZ.
- 14.3. A Board member who has a real or prospective interest in any of the business of the organization shall declare such interest at a board meeting as soon as the board member becomes aware of such specific interest. All board members shall, in good faith, disclose to the Board, any business or other interests that is likely to create a potential conflict of interest including:
 - a. all business interests, direct or indirect, in any other company, partnership or business venture.
 - b. Membership of trade, business or other economic organizations.
 - c. Shareholdings, share options and/or share interest in the organization.
 - d. Any direct or indirect interest in any transaction with the organization.
 - e. Any gifts, monies, commissions, benefits or other favours extended or received from any party in respect of or in relation to any business dealings with the organization.
- 14.4. A register of declarations of interests shall be kept.
- 14.5. Directors shall at all times observe the provisions of all relevant rules, legislative or regulatory procedures and internal MMCZ policy when dealing with their securities.
- 14.6. Board members should not be shy to show intellectual naivety by asking the dumb question if to do so will make him or her know the business of MMCZ better.

15. Board Committees

- 15.1. The Board is authorized to establish committees, in which non-Executive Directors shall play an important role to assist in the execution of its duties, powers and authority. The Board shall delegate to each of the committees established such authority as is required to enable such committees to fulfill their respective functions.

- 15.2. The delegation of authority to Board committees or Management shall not mitigate or discharge the Board and its directors from their duties and responsibilities.
- 15.3. The Board shall constitute the following committees - Audit, Marketing, Finance, Remuneration, and any such committees as may be deemed necessary, provided the establishment and composition of such committees complies with Section 12 as read with Sections 13 & 14 of Cap 21:04.
- 15.4. Each committee shall have formal terms of reference that shall be approved by the Board.
- 15.5. The Chairman of each committee shall report back to the Board at each Board meeting on a general principle of transparency and full disclosure.
- 15.6. Board committees and members are authorized to obtain independent outside professional advice as and when considered necessary. The Company Secretary shall assist the Board Committees and members in obtaining any such professional advice.
- 15.7. The Board shall be able to impose or revoke any regulation and/or delegation of authority by which any committee or individual shall operate at any time by recording its decision in the Board Minutes.
16. **Performance Assessments**
- The Board shall be responsible for undertaking regular performance assessments on the Chairperson, the General Manager, non-Executive Directors, the Board as a whole and board committees in order to evaluate their effectiveness and performance.
17. **Corporate Governance**
- 17.1. The Board is the focal point of corporate governance in MMCZ. It is ultimately accountable and responsible for the performance and affairs of MMCZ.
- 17.2. The Board shall be responsible for ensuring that an adequate and effective policy of corporate governance is established and maintained and that it complies with best practice and sound corporate governance principles as may be developed and implemented from time to time.
- 17.3. The Board shall include a full report on its corporate governance in the annual report in its compliance with the best practice and sound principles of corporate governance as may be in existence from time to time.

18. Risk Management

- 18.1. The Board shall be responsible for the process of risk management. The Board shall be the responsible for disclosures on risk management in the annual reports and financial statements and shall ensure that risk assessments are undertaken at least annually for the purposes of making its public statement on risk management.
- 18.2. The Board shall be responsible for reporting significant risks that affects decisions of the stakeholders in their dealings with MMCZ and shall disclose these in the annual reports.
- 18.3. The Board shall ensure that an effective, ongoing process shall be in place to identify risks, measure their impact and pro-actively manage and monitor these and that at appropriate intervals, it receives and reviews reports on the risk management process.

19. Accountability and Audit

- 19.1. The Board shall establish an audit committee to review and monitor the financial reporting, audit requirements and internal control principles and maintain an appropriate relationship with MMCZ's auditors and for making all such related recommendations to MMCZ's stakeholders.
- 19.2. The Board shall present a balanced and understandable assessment of the company's financial position and its operations in the annual and interim reports.
- 19.3. The Directors shall explain, in the annual report, their responsibility for preparing the accounts and there shall be a statement by the Auditors about the director's reporting responsibilities. The facts and assumptions on which the Board relies to conclude that MMCZ will continue as a going concern in the forthcoming year shall also be reviewed and reported upon.
- 19.4. The Board shall establish formal and transparent arrangements for maintaining a relationship with external and internal auditors and ensure that timely and accurate disclosure is made of any information that will be of material importance.

20. Remuneration

- 20.1. The remuneration of the directors shall be determined by the line Minister and to the extent necessary, on the recommendation by the Remuneration Committee of



**MINERALS MARKETING
CORPORATION
OF ZIMBABWE**

the Board and a detailed report of MMCZ's remuneration philosophy shall be published in the annual report.

- 20.2. Non-Executive Directors shall receive:
 - a. A basic fee as remuneration.
 - b. A basic fee for serving on the Board Committee.
 - c. Additional remuneration as Chairman of the Board Committee.
 - c. Additional remuneration for any special service as a director.
- 20.3. The non-Executive directors and Chairman shall be paid a level of fees appropriate to their office, which shall be reviewed annually by the line Minister in consultation with the Board as further informed by the Board's Remuneration Committee taking into account independent advice if necessary.
- 20.4. No additional fees shall be paid to Executive directors as executive directors other than in accordance with their service or employment contracts.
- 20.5. No director shall be involved in deciding his or her own remuneration.

21. Review and Assessment

The Board of Directors shall:

21.1 Quarterly conduct reviews and assessments of its performance, including its compliance with this Charter, all legislative, regulatory and government requirements in a manner the Board of Directors deems appropriate.

21.2 Biannually assess MMCZ's performance and effectiveness as a whole, that of individual directors and that of the General Manager.

21.3 Account for the Board's performance individually and collectively to the shareholders at least once per year through presentation of MMCZ's annual reports to the Annual General Meetings.

22. Commitment to this Charter

All Directors agree and commit to be bound by the terms and the spirit of this Charter, as amended, from time to time.

23. Review of the Board Charter

Unless delegated to a committee, 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 practice.

ADOPTED by the Board of Directors in its 155th Board meeting held on the 9th day of July 2019

J Chininga 
Acting Chairperson of the Board of Directors

RECOMMENDED by the Secretary for Ministry of Mines and Mining Development on the


29th day of *MAY* 2020


O M Moyo
Secretary for Ministry of Mines and Mining Development

SECRETARY
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03 JUN 2020
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APPROVED by the Honorable Minister of Mines and Mining Development on the

day of2020


Hon W Chitando (MP)
Minister of Mines and Mining Development

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