

Royal Bafokeng Holdings (Proprietary) Limited
(Registration Number 2006/006909/07)
(the "Company")

Board Charter

1. Composition of the Board

The Company subscribes to a unitary board of directors (the "Board") which consists of non-executive directors ("Non-Executive Directors") and Executive directors ("Executive Directors"). The Board leads and controls the Company.

The Board will at all times consist of a majority of Non-Executive Directors, as defined in the King Report on Corporate Governance for South Africa – 2002 ("King II").

The chairman of the Board (the "Chairman") shall not be an Executive Director or a member of the audit committee.

2. Membership

Appointments to the Board shall be dealt with by the Board as a whole on recommendation from the human resources and nomination committee of the Board.

In order to qualify as a Board member, proposed candidates should have adequate strategic, analytical, communication and knowledge competencies. In general, he/she should:

- have the ability to make informed decisions;
- be able to appreciate the wider business picture and perspective;
- have integrity in personal and business dealings; and
- be objective at all times about what is in the best interest of the Company.

3. Size of the Board

The Board membership shall be large enough to ensure a wide range of skills, knowledge, views and experience to achieve the balance necessary to meet its strategic objectives.

The Board shall regularly consider whether its size, diversity and demographics make it effective.

4. Period of Office

All directors shall be subject to retirement by rotation and re-election at least every three years.

Only Executive Directors shall be engaged by means of employment contracts. Termination of employment contracts of Executive Directors shall automatically include their resignation from the Board.

Any Non-Executive director is at liberty to accept other board appointments provided such appointment is not in conflict with the business of the

Company and shall not detrimentally affect the director's contribution. Directors are therefore requested to carefully consider the number of appointments they take in this capacity. Executive directors may not accept other board appointments outside the Royal Bafokeng group of companies without approval from the human resources and nominations committee of the Board.

Retirement age for an Executive Director is 63 years of age and for a Non-Executive Director 70 years of age.

5. Role and Responsibilities of the Board

The Board accepts that it is ultimately accountable and responsible for the affairs of the Company. To this end, the Board shall:

- retain full and effective control of the Company;
- give strategic direction to the Company;
- monitor management in implementing plans and strategies as approved by the Board;
- appoint the Chief Executive Officer;
- ensure that succession is planned;
- identify and regularly monitor key risk areas and key performance indicators of the business;
- ensure that the Company complies with relevant laws, regulations and codes of business practice;
- ensure that the Company communicates with shareholders and relevant stakeholders openly and promptly;
- identify and monitor relevant non-financial matters;
- establish a formal and transparent procedure for appointment to the Board, as well as a formal orientation programme for incoming directors;
- regularly review processes and procedures to ensure effectiveness of internal systems of control and accept responsibility for the total process of risk management; and
- assess the performance of the Board, its committees and its individual members on a regular basis.

6. Board Policies

The Board is responsible for approval and adoption of the following charters, policies and codes:

- RBH Corporate Governance Policy
- RBH Board Charter;
- Human Resources & Nominations Committee terms of reference
- Audit & Risk Committee terms of reference
- Approval framework and delegation of authority
- RBH Code of Ethics;
- RBH Policy on Disclosure of Conflicts of Time and Interest and Annual disclosure form
- RBH Disclosure of Information Policy

- RBH Communications Policy
- RBH Policy on HIV AIDS
- RBH Policy on Sustainable Development (environmental and social issues and GRI reporting)
- RBH Policy on Employment Equity
- RBH Policy on Director Training and Development
- Forms for appraisal of directors

The Board should review RBH charters, policies and codes on an annual basis to ensure that the policies and codes are consistent with:

- The Board's role and responsibilities; and
- RBH vision, values and strategic intents.

7. Approval Framework and Delegation of Authority

Subject to certain matters that are reserved for the Board in Clause 10 of this Board Charter, management of the day to day operations of the Company is delegated by the Board to the Chief Executive Officer. The Chief Executive Officer will be assisted by the members of the Executive Committee of the Company.

The Chief Executive Officer can delegate his authority within the limits of the Approval Framework that is approved by the Board from time to time.

8. Board Procedures

The conduct of directors shall be consistent with their accountability to the Company and responsibility to all stakeholders.

The Board shall be disciplined in carrying out its role, with the emphasis on strategic issues and policy.

The Board's discussions shall at all times be open and constructive. The Chairman shall seek a consensus in the Board but may, where considered necessary, call for a vote in whatever manner the Chairman, in his sole discretion, decides. Discussions and records shall remain confidential unless specific direction is given from the Board to the contrary.

The Board has sole authority over its agenda. However, any director may request the addition of an item on the agenda. The agenda shall be exercised through the Chairman.

The directors are entitled to have access, at reasonable times, to all relevant Company information and to management. Professional advice shall only be taken as per the approved procedure.

The directors are expected to strictly observe the restrictions to the use and the confidentiality of Company information. Directors are subject to the provisions of the RBH Policy on Disclosure of Information.

At intervals of not more than one year, the Board shall:

- review the Company's goals;
- review the strategies for achieving the Company's goals;
- approve the annual budget;
- approve the annual financial statements;
- consider and, if appropriate, declare or recommend the payment of dividends in accordance with the Board approved dividend policy;
- review the Board's performance, composition, structure and succession;
- review the Company's internal and external audit reports;
- review the performance of, necessity for, and composition of Board committees;
- review remuneration policies and practices in general,
- review risk assessment policies and controls, including compliance with legal and regulatory requirements;
- review the Company's Code of Conduct and ethical standards;
- review stakeholder relations;
- review donations and sponsorships;
- review the Company's and the Board's corporate governance performance in general; and
- settle the following year's work plan.

9. Committees

The Board is authorised to form committees to assist it in the execution of its duties, powers and authorities.

The Board has two standing committees, namely the audit and risk committee and the human resources and nominations committee.

Each committee will have formal terms of reference as approved by the Board.

10. Matters Reserved for Board Decision

The following matters shall be reserved for decision by the Board, on the basis of any recommendation as may be made from time to time by the committees of the Board:

Financial:

- the adoption of any significant change or departure in the accounting policies and practices of the Company;
- the approval of any investment transaction involving RBH or one of its subsidiaries; except that in the case of "platform" investments, subsequent approvals for individual investments can be delegated to the Executive Committee;

- the raising of incremental borrowing facilities involving amounts in excess of R25 million;
- the approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans;
- the approval of the annual financial statements, the valuation of unlisted investments, the declaration of dividends; and
- the recommendation to shareholders of any increase, reduction or alteration to the share capital of the Company and the allotment, issue or other disposal of shares of the Company (except for shares allotted under any share incentive scheme).

Statutory and Administrative:

- recommending amendments to the Memorandum or Articles of Association of the Company;
- the appointment, removal or replacement of the external auditor of the Company;
- the frequency of Board meetings;
- the prosecution, defence or settlement of legal or arbitration proceedings where material, and except in the ordinary course of business;
- the appointment of responsible persons as may be required in terms of any Act in South Africa or elsewhere in respect of the Company;
- the approval of the rules and amendments to pension and provident funds having a material effect on the liabilities of the Company toward those funds;
- the granting of general signing authorities pursuant to the Articles of Association of the Company;
- the appointment, removal or replacement of the Company secretary; and
- the formulation and amendment of the Company's Code of Ethics.

Regulatory:

- the approval of terms and conditions of the Company's rights issues, public offers, capital issues or issues of convertible securities including share or convertible securities issued for acquisitions;
- recommending to shareholders that they approve any ordinary or special resolutions in respect of the Company;
- recommending that the shareholders take a particular course of action proposed by the Company; and
- any decision to list the Company's shares on any stock exchange or to terminate any such listing.

Corporate Social Responsibility and Social Development

- the formulation of recommended policies in relation to sustainable development, environmental and social issues, community development, and corporate social investment.

Human Resources:

- appointments to and removals from the Board including the appointment of the Chairman, any deputy chairman, Chief Executive Officer, Executive Directors and Non-Executive Directors, and the approval of nominations of alternate directors (if any);
- the appointment, terms of reference and changes in the composition of the human resources and nomination committee and the audit and risk committee;
- any increase of directors' fees;
- the approval and amendment of the RBH Share Trust;
- the approval of any general bonus scheme, the rules applicable to any such scheme and any amendment to such rules; and
- the formulation of recommended policies in relation to equal opportunity employment, health, safety and AIDS, training and development.

11. Board's Relationship with Shareholders

The shares of RBH are owned by the RBNDT. The Board shall consult with the Trustees of the RBNDT, acting as shareholders in their capacity as trustees of the trust. The Board shall, or shall instruct Management to, provide regular briefings to the beneficiaries of the RBNDT as they are represented at the bi-annual Kgotha Kgothe of the RBN.

The Board shall evaluate economic, political, social and legal issues on a regular basis, as well as any other relevant external matters that may influence or affect the development of the business or the interests of the shareholders and, if appropriate, obtain outside expert advice.

12. Management of Risks

The Board accepts its responsibility for the total process of risk management in the Company.

An effective, ongoing process shall be in place to identify risks, measure their impact and proactively manage these. The Board shall set the risk strategy in liaison with the Executive Directors and other executives of the Company. Formal risk assessments shall be taken at least annually. The audit and risk committee shall be responsible to assist the Board in reviewing the risk management process.

13. Corporate Governance

The Board shall be ultimately responsible for ensuring that an adequate and effective process of corporate governance is established and maintained.

The process shall be consistent with the nature, complexity and risk inherent in the Company's activities. The process shall also respond to changes in the Company's environment and conditions. The Board may appoint supporting committees to assist with its responsibilities, as and when required.

The external auditors shall be requested to assess and review the process annually.

14. Meetings - Frequency, Quorum and Board Attendance

Meetings of the Board shall be held at such time and at such venue as the Board deems appropriate, but it shall normally meet at least four times a year or at the call of the Chairman of the Board.

The quorum necessary for the transaction of business of the directors shall be as determined by the Articles of Association.

Directors shall use their best endeavours to attend Board meetings and to prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Directors who are unable to attend shall advise the chairman at an earlier date and confirm this in writing to the Company secretary.

15. Proceedings of Meetings

Unless varied by these terms of reference, meetings and proceedings of the Board shall be governed by the Company's Articles of Association.

Except under exceptional circumstances, at least 7 days' notice shall be given of a meeting of the Board. Such notice shall, where possible, include the agenda and any supporting papers.

Minutes of meetings shall be taken by the Company secretary and shall be circulated to all members of the Board.

16. Professional or Business Services Provided by Directors

Non-Executive directors should, as a general rule, not provide any such services of an ongoing nature to the Company.

The Company may, for the purpose of a special assignment, engage the services of a Non-Executive director (specific field of expertise).

The terms of the engagement must be competitive, clearly recorded and all legal requirements with regards to disclosure must be complied with.

17. Board Evaluations

An induction programme aimed at the understanding of the Company, the business, the environment and market in which the Company operates shall be conducted for all newly appointed directors.

Directors shall receive essential Board and Company information.

Directors shall keep themselves abreast of changes and trends in the business and Company's environment and markets.

Directors shall also keep abreast of changes and trends in the economic, political, social and legal climate in general.

A formal Board evaluation process shall be followed at least once every 2 years.

18. Declaration of Interests

Directors shall at all times observe the legal requirements in respect of the declaration of interests and do everything reasonably possible to avoid a conflict of interest in the execution of their duties and responsibilities to the Company.

Any possible conflict of interest shall at all times be declared up front and the director concerned shall not participate in a discussion, or vote, on the subject matter.

19. General

The Board, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties.

These terms of reference may from time to time be amended by the Board, as and when required.

Approved by the Board of Royal Bafokeng Holdings (Proprietary) Limited at its meeting on 20 November 2006.

Kgosi Leruo Molotlegi
Chairman of the Board