

# **INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE (IDCZ)**

## **BOARD OF DIRECTORS CHARTER**

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## **1. Introduction**

The Board of Directors ("the Board") of the Industrial Development Corporation of Zimbabwe Limited ("the Corporation") acknowledges the need for a Board Charter as recommended by the Public Entities Corporate Governance Act (Chapter 10:31). This Board Charter shall be subject to the applicable provisions of the Industrial Development Corporation Act (Chapter 14:10) and any other applicable law (s) or regulatory provisions. The Board adopts the generally accepted corporate practices prescribed by the Codes of Best Practice: Cadbury Report, King IV and Public Entities Corporate Governance Act (10:31)

## **2. Authority**

The Industrial Development Corporation Act (Chapter 14:10) and the regulations made in terms thereof, sets out the objects and powers of the Corporation and contains specific provisions relating to the composition, powers and functioning of the Board of Directors.

## **3. Purpose of Charter**

This Charter is intended to provide a concise overview of:

- The delineation of the roles, functions, responsibilities and power of the Board and the Committees of the IDCZ Board;
- Power delegated to various Board Committees of the Corporation (**Refer to Terms of Reference of Board Committees**)
- The policies and practices of the Board in respect of matters such as corporate governance, declarations and conflicts of interest, board meetings documentation and procedures and the nomination, remuneration, appointment, induction, training and evaluation of the Board and the Committees.

## **4. Composition of the Board**

Members of the Board shall be appointed by the Minister ("Minister of Industry and Commerce") in consultation with the President and shall not be less than 5 or more than 9 in number.

The Board shall comprise of both executive and non-executive directors with a majority of non-executive directors being independent. The demographics of Zimbabwe shall be considered in relation to the composition of the Board.

The Minister shall appoint directors for their knowledge or experience in development finance, business, general administration, management or for their professional qualification or any other field which is relevant to the operation and management of the Corporation. All appointments shall be primarily on the basis of merit.

## **5. Membership of the Board**

Members will not be allowed to serve for more than two four-year terms (a total of eight years in all). As far as practicable, there will be equal numbers of men and women on the board, and Zimbabwe's regions will be equitably represented. Vacancies on the Board will have to be filled within 90 days.

The members of the Board shall be expected:

- To acquire a working knowledge and understanding of the Corporation's business, the laws, regulations that govern the activities of the business;
- To have the ability to make sound business decisions and recommendations;
- To exercise judgment independently;
- To exercise stewardship at all times and uphold the highest degree of ethics in all forms of conduct.

The Remuneration and Human Resources Committee shall be responsible for the co-ordination of the process for review of the performance of the Board and other committees established by the Board.

### **5.1. Declaration of Interest**

In the interests of transparency and the avoidance of conflicts of interest, as soon as possible after being appointed or re-appointed (within three months after the appointment or re-appointment as per the Public Entities Corporate Governance Act Section 37) every Board member shall provide the Office of the President and Cabinet with a written declaration listing in full-

- All immovable property which the member owns or leases or which he or she has any other interest in; and
- Any item of movable property, exceeding one hundred thousand dollars (\$100 000) or such greater value as maybe prescribed
- Any business in which the member has an interest or which he or she plays any part in running

## **6. Role of the Board**

The Board shall ensure that the Corporation achieves the mandate of the organisation as defined by the Shareholder through the Corporation's founding statute (the IDC Act). In this regard the Board shall assume ultimate accountability for governance and oversight in respect of the affairs of the Corporation and shall in doing so effectively represent and promote the interest of the Shareholder; whilst management, led by the General Manager, retains the responsibility for execution of the Board approved strategy within the confines of the mandate and directions.

The Board is the focal point of corporate governance in the Corporation. It is ultimately accountable for the performance and the affairs of the Corporation and is responsible for managing its relationship with management, the Shareholder and other stakeholders of the Corporation along sound corporate governance

principles. The Board shall be responsible for ensuring that an adequate and effective process of corporate governance is established and maintained, that compliance is met with the Public Entities Corporate Governance Act (Chapter 10:31), and any other pertinent legislative framework whose provisions has significant bearing on the IDCZ.

The Board has a responsibility to the broader stakeholders, who include the present and potential beneficiaries of the IDCZ products and services, clients, lenders, investors and employees, to achieve continuing prosperity for the Corporation.

The Board shall provide strategic guidance to management in the formulation and review of corporate strategy.

The Board shall ensure that technology and systems used by the Corporation are adequate to run the business properly for it to compete through the efficient use of its assets, processes and human resources.

The Board shall ensure that the Shareholder's performance objectives are achieved and that the same can be measured in terms of performance of the IDCZ Board. In this regard, the Board shall annually enter into an Agency Integrated Performance Agreement with the Minister as required by Office of the President and Cabinet to document key performance areas.

The Board shall establish formal and transparent arrangements for maintaining a relationship with external and internal auditors and shall ensure timely and accurate disclosure to the Shareholder of any information that would be of material importance.

The Board shall develop a clear definition of the levels of materiality or sensitivity in order to determine the scope and delegation of authority and ensure that it reserves specific powers and authority for itself.

The Board shall manage potential conflicts of interest of management and Board members.

The Board is the guardian of the values and ethics of the IDCZ, and shall proactively promote the Code of Ethics. **(The IDCZ Business Ethics Charter hereto attached for ease of reference)**

## **7. Board Procedures**

The conduct of directors shall be consistent with their duties and responsibilities to the Corporation and consequently to the Shareholder.

Board members act jointly when discharging their duties and no Board member has the authority to act on behalf of the Corporation unless specifically authorised or requested by the Board. Board members are jointly and severally accountable for Board decisions and actions.

Board members are obliged to act in the best interest of IDCZ, to act with due care in discharging their duties as Board members, and in this regard should ensure that there are guiding principles pertaining to the management of conflict of interests.

The Board shall be disciplined in fulfilling its function, with the emphasis being placed on strategic issues and policy. Any transgressions by members shall be dealt with in a manner determined by the Chairman of the Board.

The Board shall ensure that there are processes in place to deal with financial misconduct and report on any such misconduct as required by the Public Finance and Management Act (PFMA). Any transgression by a Board member shall be dealt with by the Chairman of the Board in line with the requirements of the PFMA.

Directors shall comply with all relevant legislation and shall be required to maintain strict confidentiality of all information relating to the business of the Corporation.

At any time when a Board member resigns from office before the expiry of his/her term, he/she shall disclose to the Chairman and the Board the reason for his/her resignation.

The Board has the right to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and at the cost of the IDCZ. Any such appointments should be made subject to the approval of the Board approved procedures and procurement regulations.

Board members shall have access to Senior Management and the Corporate Secretary for advice about the governance of the Corporation and procedures.

The Board shall do everything necessary to ensure that the IDCZ complies with the IDC Act (Chapter 14:10) and any other applicable legislation.

### **7.1. Board Committees/ Delegation**

The Board is authorised to form committees to assist it in the execution of its duties, powers and authorities. Delegating authority to the board committees does not absolve or abdicate the Board from its responsibilities or its ultimate accountability.

- Each Committee shall have formal Terms of Reference approved by the Board.
- The Committees' Terms of Reference are reviewed annually;
- The Committees are appropriately constituted with due regard to the skills required by each committee;
- The Committees should be comprised of a majority of non-executive directors;
- The Chairman of each Committee shall report back to the Board on at least a quarterly basis (at every Board meeting following a Committee meeting) on the resolutions of the Committee for them to be formally adopted by the Board and full disclosure;
- Board Committees are authorised to obtain independent outside professional advice as and when considered necessary;

- The Board can impose regulations by which such Committees operate and can also revoke any delegation of authority whether to a Committee or an individual at any time by recording its decision in Board minutes;
- The Board Committees shall be subject to regular evaluation by the Board to ascertain their performance and effectiveness.

## **7.2. Committee Duties and Responsibilities**

The Board is currently served by five standing Committees namely Finance and Audit, Risk Management Committee, Business Development Committee, Nomination Committee and Remuneration and Human Resources Committee. Their specific roles and responsibilities are governed by the different Terms of Reference which are approved by the Board.

## **8. Quorum for meetings**

The quorum necessary for the transaction of business shall be five (5) Directors present in person. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authority, powers and discretions vested or exercisable by the Board. The decision of the majority of the directors present at the meeting of the Board shall be the decision of the Board.

It is generally desirable for the Chairman, assisted by the Corporate Secretary, to draw up an annual calendar of meetings, with an outline of the cyclical business to be considered at each meeting and to present this for advance agreement by the full Board.

Provided that any decisions reached by the Board while its membership does not constitute a quorum shall cease to have effect after 90 days from the date of the meeting unless they have been ratified by a meeting of the Board at which a quorum is present.

## **9. Meetings**

### **9.1. Frequency and attendance**

The Board shall meet regularly at least once a quarter. Where there is need for additional Board meetings, these should be approved by the Line Ministry, which shall be accountable in that respect.

Directors shall use their best endeavours to attend Board meetings and to prepare thoroughly therefore. Directors are expected to participate fully, frankly and constructively in the Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board. Directors who are unable to attend shall advise the Corporate Secretary timeously.

### **9.2. Notice of Meeting**

Meetings shall be called by the Corporate Secretary. The Chairman and the General Manager, with the assistance of the Corporate Secretary shall be responsible for the agenda for each Board meeting. Unless otherwise agreed, notice

of each meeting confirming the venue, time and date, agenda of items to be discussed together with supporting papers, shall be forwarded to each Member of the Board and any other person required to attend, no later than 5 working days before the date of the meeting.

### **9.3. Minutes**

The Corporate Secretary shall minute and keep a record of the proceedings and resolutions of all Board Meetings, including the names of those present and in attendance.

Minutes of Board meetings shall be circulated promptly to all Directors. The Chairman of the Board should sign the minutes. The Board should confirm or adopt the minutes of the previous meeting, so as to promote collective responsibility for any decisions taken at it.

### **9.4. Annual General Meeting**

Members of the Board shall attend the Annual General Meeting and assist the Chairman in responding to any shareholder questions on the Corporation's activities. The AGM shall be held within six months of the end of the proceeding financial year of the Corporation.

Representatives from the Corporate Governance Unit (OPC), Accountant General, Line Ministry (Ministry of Industry and Commerce), Auditor General and any other persons as may be prescribed shall be invited to attend and discuss the Corporation's operations and conduct during the previous financial year and its plans for the next financial year, and any other matters of mutual interest.

### **9.5. Agenda, Meeting Papers**

The Chairman must ensure, with the assistance of the Corporate Secretary that an agenda raising all relevant issues requiring attention, is prepared prior to the meeting in such a manner and sequence that effective proceedings are facilitated.

The Board shall have sole authority over its agenda. Any director may request the Corporate Secretary to include an item on the agenda for discussion and decision of the Board, after approval by the Chairman of the Board.

The Corporate Secretary must ensure that the agenda and meetings papers are circulated to Board members at least five working days before the date set down for the meeting.

## **10. Duties**

The Board Shall:

### **10.1. Management and Senior Executives**

Approve the organisational structure of the Corporation. Confirm the appointment of Senior Management in compliance with the Public Entities Corporate Governance Act.

### **10.2. Strategy and Risk**

Retain full and effective control over the Corporation, approve the annual strategic plans and operational budgets, and monitor management in implementing Board plans and Strategies.

Facilitate and oversee the realisation of any strategic issues necessary for the discharge of the Corporation's mandate.

Consider and approve any capital raising programme.

Identify principal risks of the Corporation's business operations and ensure implementation of appropriate systems to manage or mitigate such risks.

Ensure effective and economic use of the Corporation's resources.

Ensure that procedures and practices are in place that protect the Corporation's assets and reputation.

### **10.3. Corporate Governance**

The Board shall formulate and enforce rules for corporate governance and ethical practice for observance by the Corporation's Directors and Staff.

Approve the structure, composition and Terms of Reference of Board Committees.

Subject to the supervision of the Board, the General Manager shall be responsible for managing the Corporation's staff, activities, funds, assets, property and exercising any other functions that the Board may assign to him or her.

The Board shall define its own levels of materiality reserving specific powers to itself, delegating some powers to the Board Committees and delegating other powers to management with necessary limits.

Regularly assess its performance and effectiveness as a whole, and that of individual Directors including the General Manager.

Consider, adopt and/ or approve the recommendations of its own Board Committees.

Receive general directions from the Minister of Industry and Commerce regarding the policy it is to observe in the exercise of its functions. The Board shall take necessary steps to comply with every such direction.

#### **10.4 Legal**

Monitor compliance with all significant policies and procedures.

Monitor and ensure compliance with all applicable laws and regulations.

#### **10.5. Shareholder Relations**

Consider and approve information that requires the approval of the Shareholder.

Increase the authorised share capital of the Corporation as necessary subject to the approval of the Minister.

Ensure that the financial performance of the Corporation is adequately reported to the Shareholder and other regulatory authorities on a timely and regular basis.

#### **10.6. Financial**

Review and approve the Corporation's operational and capital budgets.

Consider and approve the Financial Statements of the Corporation.

Consider and review periodic management reports on the Corporation's operations.

Ensure that the accounts of the Corporation for each financial year are audited by a person who is registered as a public auditor in terms of the Public Accountants and Auditors Act (Chapter 27:12) and who is appointed by the Auditor General.

#### **10.7. Other Authority**

The Board shall have power to seek any information it requires from any source whatsoever, regarding the activities of the Corporation and for the effective discharge of the Board's duties/ mandate.

### **11. Role of the Chairman**

The Chairman is primarily responsible for providing direction for the effective functioning of the Board.

The Chairman is responsible for ensuring the integrity and effectiveness of the Board and its Committees. The Chairman's specific roles and responsibilities are set out in the Public Entities Corporate Governance Act.

The Chairman is required to:

- Provide overall leadership to the Board, without limiting the principles of collective responsibility for Board decisions.
- Ensure that all the Board members are fully involved and informed of any business issue on which a decision has to be taken.
- Exercise independent judgment, act objectively and ensure that relevant matters are placed on the agenda and prioritised properly.
- Work closely with the Corporate Secretary in ensuring that at all times all the Board members fully understand the nature and extent of their responsibilities as the Board in order to ensure the effective governance of the Corporation.
- Arrange for new members appointed to the Board to be properly inducted and oriented, and monitor Board appraisals.
- Avail himself/ herself to the General Manager between Board meetings to provide counsel and advice.
- Ensure that he/ they evaluate the performance of the General Manager periodically.

## **12. Roles of the General Manager**

The Board initiates the process for the appointment of the General Manager and makes recommendations to the Shareholder, (Ministry of Industry and Commerce), as per the Public Entities and Corporate Governance Act.

The General Manager's responsibility is to ensure execution of the Corporation's mandate and approved strategy and that the Corporation is run effectively and in accordance with the strategic decisions of the Board.

## **13. Role of the Corporate Secretary**

The Corporate Secretary shall be accountable to the Board for, inter alia:

- Ensuring that Board procedures are followed and reviewed regularly;
- Ensuring that applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- Maintaining statutory records in accordance with legal requirements;
- Guiding the Board as to how their responsibilities should be properly discharged in the best interest of the Corporation;
- Keeping abreast of, and informing, the Board of current and new developments regarding corporate governance thinking and practice.

**Approved by** .....

**DATE** .....

**CHAIRMAN OF THE BOARD** .....

**GENERAL MANAGER** .....

DS/CTM/19-11-18

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