



# TOBACCO RESEARCH BOARD

---

## KUTSAGA

### Board Charter

Approved by	The Board of Directors
	The Minister of Lands, Agriculture, Fisheries, Water and Rural Development
Date of Approval	02/03/22
Next Review Date	04/02/24
Version	2

## Contents

1.	Preamble .....	2
2.	Definitions and Interpretation of Terms.....	2
3.	Authority .....	3
4.	Purpose .....	3
5.	Objectives .....	4
6.	Structure and Composition of Board.....	4
7.	Role and Functions of the Board .....	4
8.	General Principles of Delegation of Authority.....	5
9.	Board Functionaries.....	6
10.	Board Committees .....	8
11.	Appointment and Tenure.....	9
12.	Induction and Training.....	9
13.	Legal Duties of the Individual Director .....	10
14.	Conduct of Board Members.....	11
15.	Conflict of Interests .....	11
16.	Board Members' Compensation .....	13
17.	Indemnities and insurance .....	13
18.	Vacation of Office .....	13
19.	Board Governance .....	14
20.	Performance Evaluation .....	17
21.	The Board's Relationship with the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development.....	18
22.	The Board's Relationship with other Stakeholders .....	18
23.	General .....	19
24.	Signatures.....	19
	Schedule 1: Terms of Reference for Board Committees and Composition.....	20

## 1. Preamble

- 1.1. The Tobacco Research Board ("TRB") was established in 1955 through an Act of Parliament, The Tobacco Research Act [Chapter 18:21] ("TRA").
- 1.2. TRB is a body corporate capable of suing and being sued in its corporate name and, of performing such acts as a corporate body may, by law, perform.
- 1.3. This Charter is formulated to comply with section 26 and section 27 of the Public Entities Corporate Governance Act [Chapter [10:31] (PECGO Act). It shall be read and interpreted with reference to the said Act and Constitution of the Republic of Zimbabwe.
- 1.4. This Charter aims to regulate the parameters within which the Board will operate and ensure the application of the principles of good corporate governance.
- 1.5. This Board Charter is not exhaustive and should be read as a broad expression of principles. In pursuit of its underlying ideals, substance must prevail over form.
  - 1.5.1. The Board, therefore, reaffirms its intention to exceed these corporate governance standards wherever possible, having due consideration to the PECGO and recognised governance best practices.
- 1.6. A copy of this Charter will be signed by each director and will constitute an integral part of each director's terms and conditions of appointment.
  - 1.6.1. The Board Charter will be attached to all letters of appointment of the directors.

## 2. Definitions and Interpretation of Terms

- 2.1. The headings in this Charter are for convenience only and shall not be taken into consideration in the interpretation or construction of this Charter thereof.
- 2.2. In this Charter, unless the context otherwise requires, reference to the singular includes the plural and vice versa, and reference to a gender includes the other gender.
- 2.3. References to a statutory provision include references to that statutory provision as from time to time, amended, extended or re-enacted and any regulations made under it;
- 2.4. In this Charter the following acronyms words shall have the meanings hereby assigned to them:
  - (i) "CEO" means Chief Executive Officer
  - (ii) "OPC" Office of the President and Cabinet.
  - (iii) "PBC" means a private business corporation incorporated in terms of the Companies and other Business Entities Act [Chapter 24:31].
  - (iv) "PECGO" means the Public Entities Corporate Governance Act [Chapter 10:31].
  - (v) "PFMA" Public Finance Management Act [Chapter 22:19].
  - (vi) "TRA" Tobacco Research Act [Chapter 18:21].
  - (vii) "TRB" Tobacco Research Board.

2.5. In this Charter the following words and expressions shall have the meanings hereby assigned to them except where the context otherwise requires:

- (i) "Board" means Board of Directors of the Tobacco Research Board.
- (ii) "Board Member" means a person appointed to the Board of Directors by the Minister of Lands, Agriculture, Fisheries, Water and Rural Development in terms of section 5 of the Tobacco Research Act [Chapter 18:21].
- (iii) "Common law" means the law which is not codified into a statute i.e. an Act of Parliament. This mostly relates to the law established by way of judicial precedent i.e. judgements of the superior courts (High Court, Supreme Court and the Constitutional Court)
- (iv) "Director" means board member.
- (v) "Fiduciary" means a person acting on behalf in such a way as to affect the legal, financial and other interests of that person. In the present context, all directors (members of the Board of Directors), including the CEO are fiduciaries in respect of TRB.
- (vi) "Head of Division (HoD)" means a person heading a Division within TRB.
- (vii) "institution" means TRB.
- (viii) "Personal Interest(s)" means the interests of the individual as opposed to institutional interests. This includes the interests of that individual's spouse, close family members or business associates
- (ix) "Senior Management/Senior Staff Member" means the CEO, Executive Directors and Heads of Division.
- (x) "Staff, member of staff or staff member" means any person employed by the Tobacco Research Board and receiving or entitled to receive any remuneration in respect of such employment or work.
- (xi) "Minister" means the Minister of Lands, Agriculture, Fisheries, Water and Rural Development.

### **3. Authority**

3.1. The Board has drawn up this Charter in terms of as read with section 4 of the TRA read with section 26(2)(a) of PECGO which requires the Board of Directors of every Public Entity to have a Board Charter as read with Chapter 9 of the Constitution of Zimbabwe.

### **4. Purpose**

4.1. The main purpose is to regulate members of the Board in the discharge of their oversight role.

## **5. Objectives**

- 5.1. To clearly define the respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) and management in setting the direction, the management and control of the organization.
- 5.2. To ensure that all Board Members acting on behalf of the TRB are aware of their duties and responsibilities as Board Members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect and on behalf of TRB.

## **6. Structure and Composition of Board**

- 6.1. In terms of section 5 of the TRB Act, the Board shall be a unitary board comprising seven (7) members, who shall be appointed by the Minister after consultation and per any directions the President may give the Minister and shall be selected in the following manner—
  - (a) two members shall be officers of the Ministry for which the Minister is responsible;
  - (b) three members shall represent flue-cured Virginia tobacco growers in Zimbabwe and shall be selected by the Minister from a panel of not less than four names to be submitted to him by the council of the Zimbabwe Tobacco Association;
  - (c) two members shall represent tobacco buyers in Zimbabwe and shall be selected by the Minister from a panel of not less than four names to be submitted to him by the Tobacco Trade Association of Zimbabwe.
- 6.2. As per section 11 of PECGO, the Minister in appointing Board Members shall, inter alia, take into consideration, the mix of skills and diversity which relate to experience, regional representation, age, gender.
- 6.3. The Minister may appoint an alternate member to the Board.
- 6.4. An alternate member shall act as a member only when a member to whom he is alternate is unable to perform his duties as a member and when so acting shall have all the powers of such member, other than the powers of the Chairman.

## **7. Role and Functions of the Board**

- 7.1. The Board of Directors is the apex decision-making organ of the institution.
- 7.2. The Board of Directors shall;
  - 7.2.1. Be responsible for governing and driving the performance of TRB.
  - 7.2.2. Be accountable for the TRB's performance.
  - 7.2.3. Oversee the development of a strategy to achieve the stated objectives of TRB and to monitor the implementation and execution of that strategy.

- 7.2.4. Establishing performance objectives to enable it to measure management's performance and the progress of the organization in attaining set goals, objectives and targets.
- 7.2.5. Oversee and evaluate the management of TRB operations.
- 7.2.6. Appoint the CEO, set the terms of the CEO's employment contract and, where necessary, terminate the CEO's employment with the organisation.
  - 7.2.6.1. With the input of the CEO, set performance targets in the form of an annual performance contract in terms of which the CEO is authorised to make any decision and take any action within the management limitations, directed at achieving the set targets.
  - 7.2.6.2. Evaluate the performance of the CEO at least once every six months.
- 7.2.7. Ensure that the TRB has an appropriate succession planning policy in place for the Board, management and key posts (as determined by the Board from time to time).
- 7.2.8. Delegate its day to day powers and duties to the CEO. All delegated authority shall be in writing and shall be evaluated regularly.
- 7.2.9. Develop clear definitions of the levels of appropriate materiality or sensitivity to determine the scope and delegation of its authority and to ensure that it reserves specific powers and authority for itself.
- 7.2.10. Identify the principal risks to the TRB and ensure the implementation of appropriate systems to manage these risks.
- 7.2.11. Ensure that adequate and robust internal control systems are put in place to ensure prudent and efficient use of resources, compliance with applicable laws and internal policies.
- 7.2.12. Regularly review the adequacy and efficacy of those internal control systems.
- 7.2.13. Ensuring the institution's financial statements are audited annually and that they are a true and fair reflection of the TRB operations and that they comply with applicable laws
- 7.2.14. Ensure that TRB adheres to high standards of ethics and recommended governance best practices.
- 7.2.15. Retain full and effective control over the TRB and shall direct and supervise its affairs.

## **8. General Principles of Delegation of Authority**

- 8.1. The Board may delegate to any specific person or committee any of its powers and discretions and to grant to such person or committee general or specific powers of sub-delegation.

- 8.2. Such delegation is subject to the limitations and conditions imposed by the Board and will not absolve the Board of its liability and accountability for the due exercise of any authority delegated by it in terms of the PECGO and PFMA.
- 8.3. The delegation of authority to any person or committee will not divest the Board of that authority.
- 8.4. Notwithstanding any delegation, the Board will always retain residual authority and any authority delegated by the Board in terms of this Charter or the terms of reference in terms of which the Board committees are constituted may be revoked at will, by resolution, at the discretion of the Board.

## **9. Board Functionaries**

### **9.1. Chairperson and Deputy Chairperson**

- 9.1.1. The Board shall elect one of its members as Chairperson and another as Deputy Chairperson.
- 9.1.2. Both the Chairperson and Deputy Chairperson shall be non-executive members.
- 9.1.3. The Deputy Chairperson shall deputise for the Chairperson in his or her absence or at his or her request.
- 9.1.4. The Chairperson shall be responsible for:
  - (i) Providing overall leadership to the Board without limiting the principle of collective responsibility for Board decisions.
  - (ii) Ensuring that board meetings are properly convened and constituted and that they are conducted in an orderly and proper manner.
  - (iii) Presiding over meetings of the Board and ensuring that no director dominates the discussion, that relevant discussion takes place, that the opinions of all directors relevant to the subject under discussion are solicited and freely expressed, and that Board discussions lead to appropriate decisions.
  - (iv) Ensuring the integrity and effectiveness of the Board governance processes
  - (v) Representing the Board to stakeholders.
  - (vi) Maintaining regular dialogue with the CEO over all operational matters and will consult with the other Board Members promptly over any matter that gives him or her cause for major concern.
  - (vii) Ensuring that discussions result in logical and understandable outcomes.
  - (viii) Signing all the minutes of Board meetings as proof that the minutes are a true record of what transpired in the meeting.
  - (ix) Ensuring that all the Board Members are fully involved and informed of any issue on which a decision has to be taken.

- (x) Formulating, together with the CEO and Corporate Secretary, the annual work plan of the Board based on the agreed objectives and play an active part in setting the agenda of Board meetings.
- (xi) Setting the ethical tone for the Board
- (xii) Availing himself or herself to the CEO between Board meetings to provide counsel and advice.
- (xiii) Liaising with chairpersons of Board committees on matters of interest.

## 9.2. CEO

9.2.1. The CEO shall be responsible for;

- (i) Leading the development and implementation of the TRB's short- and long-term strategies as agreed with the Board.
- (ii) Ensuring that a positive and ethical work climate is maintained which is conducive to attracting, retaining and motivating all employees.
- (iii) Acting as a link between the Board and staff and shall communicate effectively all resolutions of the Board to staff.
- (iv) The day to day management of operations of the TRB and reports directly to the Board.
- (v) Bringing material and other relevant matters to the attention of the Board in an accurate and timely manner.
- (vi) Ensuring that proper performance evaluations and succession planning are done.

9.2.1.1 The plenary powers conferred on management are delegated through the CEO so that the authority and accountability of management are considered to be the authority and accountability of the CEO.

## 9.3. The Company Secretary

9.3.1. The Secretary shall be responsible for;

- (i) Ensuring that board procedures are followed and that all applicable laws and rules for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- (ii) Assisting in the proper induction, orientation, on-going training and education of the directors, including assessing the specific training needs of directors and executive management in their fiduciary and other governance responsibilities.
- (iii) Providing a central source of guidance and advice to the Board on matters of good governance, changes in legislation and compliance;
- (iv) Keeping abreast of, and informing and advising, the Board of current and new developments regarding corporate governance thinking and practice.
- (v) Taking of minutes in all Board and Board Committee meetings.

- (vi) Ensuring that Board papers and minutes of Board and Board Committee meetings are circulated to Board Members promptly and after approval by the Chairperson.

## **10. Board Committees**

- 10.1. The Board shall form such committees as are required by the law and any other as may be necessary to facilitate efficient decision making and to assist the Board in the execution of its duties, power and authorities.
- 10.2. The Board shall have the following committees;
  - (i) The Finance Committee,
  - (ii) The Audit and Risk Management Committee,
  - (iii) The Remuneration and/or Human Resources Management Committee;
  - (iv) The Research, Extension, Business Development and Marketing Committee.
- 10.3. The Board shall delegate such authority to each Committee as is required to enable such Committees to fulfil their respective functions.
- 10.4. The terms of reference for each committee and the composition of the committees are set out in Schedule 1 to this Charter.
  - 10.4.1. Any other committee that may be established in future shall be so established with formal terms of reference which will determine, amongst other things, the membership, purpose, powers and authority of the committee, the scope of its mandate and its relationship to the Board.
- 10.5. Board committees will have no executive authority unless otherwise specifically resolved by the Board in respect of particular issues within a committee's remit.
  - 10.5.1. Board committees must discuss any matter referred to them and must present their recommendations to the Board for resolution.
- 10.6. Board committees will observe the same rules of conduct and procedures as the Board unless the Board specifically determines otherwise in the committee's terms of reference.
- 10.7. Board Committees will only speak or act for the board when so authorised.
- 10.8. The Chairperson of each Committee shall report back to the Board at each Board meeting embracing a general principle of transparency and full disclosure.
- 10.9. The Committees shall sit quarterly but before the board meetings.
- 10.10. The quorum for Committee meetings shall be two members.
- 10.11. The Board may by resolution dissolve any one or more of its committees save for those required by law.

## **11. Appointment and Tenure**

- 11.1. Each member of the Board shall hold office for four (4) years, renewable for only one further such term.
- 11.2. On appointment to the Board, Board Members shall:
  - (a) Receive a 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 outside Board meetings and the remuneration payable with this Board Charter being attached to all letters of appointment and being specifically incorporated by reference.
  - (b) Declare their assets and net worth which include all movable property owned or leased, any movable property exceeding one hundred thousand dollars (\$100 000) and any business in which the Board member has an interest.
- 11.3. In terms of section 17(1) of PECGO, the CEO shall be appointed for five (5) years, renewable for only one further term.
- 11.4. In terms of section 17(1) of PECGO, Board Members shall not serve on more than two (2) boards of public entities at the same time and this threshold is to be exceeded only to the extent permitted by law and even then, for good cause.

## **12. Induction and Training**

- 12.1. Genuine potential members are encouraged to carry out due diligence on the organisation before accepting an appointment to the Board.
- 12.2. On their first appointment, Board Members shall participate in an induction program conducted by the Company Secretary that is tailored to effectively orient the member to the business of the institution, strategy, objectives, policies, procedures, operations, senior management and the operating environment.
- 12.3. As part of the induction programme, members will receive a folder of essential Board and all the necessary information that shall be required by a member for effective performance on the Board. and will meet key management.
- 12.3.1. The induction programme, includes, inter alia:
  - (i) The annual reports.
- 12.4. Members are generally expected to keep themselves abreast of changes and trends in the TRB's business environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate.
- 12.5. New Board Members shall also be introduced to their legal duties and responsibilities as well as any other aspects that are unique to the business.
- 12.6. Board Members should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgment about the affairs of the institution.

- 12.7. The Board shall ensure adequate Board development through continuous training to keep the Board well informed on critical information pertinent to the business and corporate governance environment.
- 12.8. The Board shall conduct an annual review to identify the training needs for each member regularly and facilitate upskilling as well as continuous development.

### **13. Legal Duties of the Individual Director**

- 13.1. Members of the Board of Directors, including the CEO, occupy a fiduciary position in respect of TRB and accordingly have a compendium of legal duties in terms of the common law which are partially codified in section 25(3) of the PECGO and section 42 of the PFMA regulating how they discharge their duties.
- 13.2. From the date of appointment, each director, including the CEO, has the following duties;
  - 13.2.1. To always act with fidelity, honesty, integrity, good faith and in the best interests of the institution and not for any collateral purpose;
  - 13.2.2. To always bring an independent mind to bear on all decisions made on behalf of the institution;
  - 13.2.3. To avoid a conflict between the director's direct or indirect personal interests and those of the institution; and
  - 13.2.4. To not use the position or any confidential information obtained by virtue of the position, for personal gain or to improperly benefit another person.
  - 13.2.5. To act within the confines of the powers vested in them in terms of the TRA;
  - 13.2.6. act with due care and diligence.
    - 13.2.6.1. The duty of care requires each director, in discharging his functions, to exercise the same care and prudence as he would in handling his affairs.
    - 13.2.6.2. The duty of acting with due diligence requires each director;
      - (i) To acquaint himself with the legal duties outlined in this section 10 of the Board Charter, section 25(3) of PECGO and section 42 of the PFMA;
      - (ii) To acquaint himself with all legislation that regulates the governance of TRB and other public entities notably the TRB Act, Constitution of Zimbabwe Act 20 of 2013, PECGO and PFMA.
      - (iii) To study and understand understands the information in the board pack and any other issues to be discussed in a board meeting before the meeting;
      - (iv) To come to all meetings fully prepared and informed about the issues subject to discussion.
  - 13.2.7. Exercising the utmost care to ensure reasonable protection of the assets and records of the institution.

13.3. If a director has a personal interest in a matter that is before the Board of Directors, then it is incumbent upon the director to disclose the interest to the other directors and withdraw from the proceedings of the Board of Directors when the matter is considered, unless the other directors decide that the director's interest in the matter is inconsequential.

#### **14. Conduct of Board Members**

- 14.1. At all times professionally conduct himself/herself, having due regard to his/her fiduciary duties and responsibilities to the institution.
- 14.2. Board Members shall always adhere to TRB's Code of Ethics and demonstrate high ethical standards and conduct in all their dealings.
- 14.3. Board Members shall have a total commitment to furthering the goals of TRB as set out in the TRA.
- 14.4. Board Members are expected to attend and participate fully, frankly and constructively in Board discussions and other activities and to bring to bear the full benefit of their particular knowledge, skills and abilities to the Board table.
- 14.5. Board Members who are unable to attend a meeting shall advise the Company Secretary at the earliest date possible.
- 14.6. Once a year Board Members shall be required to complete a Code of Ethics Annual Compliance Certification form.
- 14.7. Board Members are entitled to have access, at all reasonable times, to all relevant institutional information and management.
- 14.8. Between board meetings, the Chairperson shall maintain a link between the Board and the CEO, and the Chairperson expects to be kept informed by the CEO on all important matters and is available to the CEO to provide counsel and advice where appropriate.
- 14.9. Decisions of the full board shall be binding on the CEO.
- 14.10. Decisions or instructions of individual Board Members or committees should not be given to the CEO and are not binding in any event except in those instances where specific authority is given by the full Board.

#### **15. Conflict of Interests**

##### **15.1. Avoiding a Conflict of Interest**

- 15.1.1. As fiduciaries, Board Members are under a legal duty, in terms of the common law and the PECCGO to avoid placing themselves in a position in which their duties to TRB conflict with their interests.
- 15.1.2. Board Members are under a legal duty not to make a profit from their position as members of the Board of Directors of TRB.

## 15.2. Declaration of Interests

- 15.2.1. Board Members are required, in terms of section 12 of the **Public Entities Corporate Governance (General) Regulations S.I 168 of 2018** to complete the form of declaration of assets (set in schedule 2 to the above regulations) as soon as they are appointed or within three (3) of their appointment on each anniversary of their appointment or re-appointment and thereafter on each anniversary of their appointment or re-appointment and within two (2) of after they cease being board members.
- 15.2.2. Upon completing the above form, the Board Member shall hand it to the CEO, who shall make a copy of it for TRB's records and without delay send the original in a sealed envelope to the OPC.
- 15.2.3. A Board Member is required to, forthwith, declare his or her interest to the Board if he or she,
- (i) Knowingly acquires or holds a direct or indirect pecuniary interest in any matter that is under consideration by the board; or
  - (ii) Owns any property or has a right in a property or a direct or indirect pecuniary interest in a company, PBC, Trust, partnership or association of persons which results in his or her private interests coming or appearing to come into conflict with his or her functions as a board member; or
  - (iii) Knowingly acquires or holds a direct or indirect pecuniary interest in any matter that is or, to his or her knowledge, is likely to be the subject-matter of a contract between TRB and any other person; or
  - (iv) Knows or has reason to believe that any of his or her close relatives or associates has acquired or holds a direct or indirect pecuniary interest in any matter that (being a board member) is under consideration by the board or that is or, to his or her knowledge, is likely to be the subject matter of a contract between TRB and any other person; or
  - (v) Owns any property or has a right in a property or a direct or indirect pecuniary interest in a company, PBC, Trust, partnership or association of persons which results in his or her private interests coming or appearing to come into conflict his or her functions as a board member; or
  - (vi) For any other reason, the private interests of a board member come or are perceived to come into conflict with his or her functions as a board member of TRB;
- 15.2.4. At each normal meeting, the Board Members shall be required to complete a conflict of interest declaration form and if this is practicable then the director shall make a verbal disclosure at the beginning of the meeting of the Board or Board Committee.
- 15.2.5. A register of Board Members' declarations of interest shall be kept by the Company Secretary.

**15.3. Provision of business or professional services by Board Members**

15.3.1. Because a conflict of interest (actual or perceived) may be created, members should not, generally, provide business or professional services of an ongoing nature to TRB. Notwithstanding the general rule, the TRB is at liberty to, for a special assignment, engage the services of any member having special expertise in the particular field or engage the services of someone from a Board member's organisation, so long as the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed. As a general rule, all Board Members are required to complete a declaration of conflict of interest form before the start of any Board meeting including committee meetings.

**15.4. Financial Assistance**

15.4.1. Loans made either directly or indirectly to Board Members are prohibited unless the granting of loans has been approved by the Minister.

**16. Board Members' Compensation**

- 16.1. The members of the Board, including alternate members, shall be paid from the funds of the Board such allowances as the Minister may deem fit to meet any reasonable expenses incurred by them in connection with the business of the Board.
- 16.2. The compensation of Board Members should be fair to enhance their motivation, reliability, commitment and effectiveness.
- 16.3. Any compensation received by a Board member more than an applicable standard prescribed by law shall be void unless approved by the President.
- 16.4. Executive members will receive no fees but will be paid as employees of the TRB per their contracts of employment with the institution.

**17. Indemnities and insurance**

- 17.1. The TRB shall provide Board Members with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Board Members.

**18. Vacation of Office**

- 18.1. A Board member shall vacate office if;
  - 18.1.1. If he is disqualified from the appointment in terms of section 11 of the Public Entities Corporate Governance Act
  - 18.1.2. In terms of the law in force in any country, he has—
    - (i) Been adjudged or otherwise declared insolvent and has not been rehabilitated; or

- (ii) Made an assignment to or arrangement with his creditors which has not been rescinded or set aside; or
  - 18.1.3. He is absent from three (3) consecutive meetings of the Board without the permission of the Board; or
  - 18.1.4. He gives one month's notice in writing to the Minister of his intention to resign his office and his resignation is accepted by the Minister; or
  - 18.1.5. He becomes mentally or physically incapable of performing his duties as a member; or
  - 18.1.6. For good cause shown following due process; or
  - 18.1.7. Any other ground provided in section 16 of the PECGO.
- 18.2. Where a member's office is vacated, the Minister shall appoint a person to fill the vacancy until the expiration of the period during which such member would have continued in office.

## **19. Board Governance**

### **19.1. Meetings**

- 19.1.1. The Board shall meet at least four (4) times in each financial year, and may convene additional meetings as and when necessary.
- 19.1.2. At any meeting of the Board, four members shall form a quorum.
- 19.1.3. Meetings of the Board shall be held at such venue and at such time as the Board deems appropriate.
- 19.1.4. Board Members shall use their best endeavours to attend Board meetings and to prepare thoroughly for each meeting.
- 19.1.5. Board Members shall attend not less than 75% of Board meetings and those who are unable to attend shall advise the Corporate Secretary. A record shall be kept of the attendance of Board Members at Board meetings.
- 19.1.6. The Chairperson may for good reason request the CEO or other Management invitees to leave the Boardroom for any part of the Board meeting. This is especially so during deliberations where there may be a perceived or actual conflict of interest.
- 19.1.7. Board meetings may be held by Board Members communicating with each other through any technological means by which they can participate in discussion even though they may not be physically present in the same place.
- 19.1.8. Management or professional advisors who may be required for, *inter alia*, capacity building for potential Board members, may be invited to the meetings, at the discretion of the Chairperson.
- 19.1.9. Minutes of the meetings shall be taken by the Company Secretary and shall be circulated to the Board within two (2) weeks of the relevant Board meeting. The

minutes shall record the proceedings and decisions taken, the details of which shall remain confidential.

19.1.10. The Board shall make a statement in the annual report on its compliance with this Board Charter, its activities, the processes used in discharging its responsibilities and duties, the membership of the various Board Committees, the number of Board and Committee meetings and the attendance of members over the year.

19.1.11. The Board shall meet the line Minister at least twice a year.

## 19.2. **Procedure for Meetings**

19.2.1. Meetings and proceedings of the Board shall be governed by the PECGO as read with the TRB Act.

19.2.2. An annual calendar of meetings, with an outline of the cyclical issues to be considered at each meeting, shall be drawn up by the Corporate Secretary, in conjunction with the Chairperson and CEO.

19.2.3. Unless under exceptional circumstances, at least seven (7) days notice shall be given before the set date of a meeting. Such notices shall, where possible, include the agenda and any supporting papers.

19.2.4. The Board shall meet quarterly for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit and will hold additional meetings as and when required.

19.2.5. If the Chairperson is absent from any meeting, the deputy Chairperson may exercise all powers and shall discharge all the duties of the Chairperson at such meeting.

19.2.6. If the Chairperson and the Deputy Chairperson are absent from any meeting, the members present shall choose one of their numbers to be Chairperson for such meetings and the member so chosen may exercise all the powers and shall discharge all the duties of the Chairperson at such meeting.

19.2.7. The Chairperson of the Board may himself at any time and shall, at the request of any other member of the Board, call a special meeting of the Board.

19.2.8. The decision of the majority of the members of the Board present at any meeting shall constitute the decision of the Board.

19.2.9. The Chairperson will, nevertheless, seek a consensus from the board but may, where considered necessary, call for a vote.

19.2.10. In the event of an equality of votes at any meeting, the Chairperson shall have a casting vote in addition to his deliberative vote.

19.2.11. A Board member may not vote nor be counted in the quorum on 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.

- 19.2.12. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law.
- 19.2.13. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.
- 19.2.14. The Board has sole authority over its agenda and exercises this through the Chairperson.
- 19.2.15. Any member may, through the Chairperson, request the addition of an item to the agenda.
- 19.2.16. The agenda will be set by the Chairperson in consultation with the Company Secretary.
- 19.2.17. At each meeting the Board shall, at a minimum, consider the matters laid out in the meeting agenda.

### 19.3. **Reports to be considered at a Board Meeting**

- 19.3.1. The following reports shall be considered at every normal Board meeting:
  - (a) An operational report from the CEO.
  - (b) A financial report on the financial position of TRB.
  - (c) An operations report on Research, Extension and Business Development and Marketing.
  - (d) A report on Internal Audit.
  - (e) Major issues and opportunities for the institution.
- 19.3.2. In addition, the Board shall review/approve the following reports annually:
  - (a) Review the institutional goals.
  - (b) Review the strategies and operating plans for achieving these institutional goals.
  - (c) Approve the annual budget.
  - (d) Approve the annual financial statements.
  - (e) Review the institution's audit report by the external auditors.
  - (f) Approve the annual report.
  - (g) Consider and, if appropriate, declare or recommend the payment of dividends.
  - (h) Review the board composition and structure and make recommendations to the Minister.
  - (i) Review the performance and composition of board committees.
  - (j) Undertake board and individual member evaluations.
  - (k) Review the CEO's performance and remuneration as appropriate.

- (l) Review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements.
- (m) Review the institution's Code of Ethics.
- (n) Review shareholder, customer and supplier relations.
- (o) Approve the following year's calendar of Board meetings.
- (p) Any other reports that may be decided by the Board.

#### **19.4. Independent Professional Advice**

- 19.4.1. Any member is entitled to obtain independent professional advice relating to the affairs of the organisation or his/ her other responsibilities as a member.
- 19.4.2. If a member considers such advice is necessary, the member shall first discuss it with the Chairperson and, having done so, shall be free to proceed.
- 19.4.3. Subject to the prior approval of the Chairperson, the cost of the advice will be reimbursed by the TRB but the member will ensure, so far as is practicable, that the cost is reasonable.

#### **19.5. Transaction of Business of an Urgent Nature**

- 19.5.1. If it is not practicable to hold a meeting of the Board for the transaction of business of an urgent nature, the Chairperson, after consulting such of the other members as are available in the circumstances, may deal with the issue himself and, as soon as practicable thereafter, shall give to the Board full particulars of the nature and extent of the urgent matter, the circumstances in which the urgency arose and the action taken by him.
- 19.5.2. At the next meeting, the Board may ratify the emergency action taken.
- 19.5.3. If the emergency action taken is not ratified, then it shall be deemed rescinded.

### **20. Performance Evaluation**

- 20.1. The Board is responsible for the evaluation of its performance and that of its committees, its chairman and individual members.
- 20.2. Based on the results of the performance assessment, the Board may identify necessary training and development needs for the Board, committees and individual Board members.

#### **20.3. Evaluation of the Performance of the Board**

- 20.3.1. The Board led by the Chairperson or an independent service provider, shall undertake a critical and formal annual evaluation of its performance and its Committees and consider changes to improve the effectiveness of the Board and its Committees.

- 20.3.2. The evaluation should be based on objective criteria, including the performance of the business and the accomplishment of long-term strategic objectives.

#### **20.4. Evaluation of the Performance of Board Members**

- 20.4.1. The Board led by the Chairperson or an independent service provider shall undertake a formal annual evaluation of the performance of its members.
- 20.4.2. The Chairperson should ensure that Directors know that they will be subject to review, know the criteria used for evaluation, and know the procedures that will be followed.
- 20.4.3. The evaluation shall be conducted through an evaluation questionnaire that should be prepared and distributed in time for Directors to complete before the evaluation meeting.
- 20.4.4. Members shall be required to respond in writing and the responses shall be collected and collated by the Chairperson who then discusses the results with each member.
- 20.4.5. Should a deficiency in a Board Member's performance be identified, a plan should be developed and implemented for the Board Member to acquire the necessary skills.
- 20.4.6. The TRB shall bear the cost of the development plan for the Board Member.

#### **20.5. Evaluation of the Performance of the Chairperson**

- 20.5.1. Evaluation of the Chairperson's performance shall be done by all the Board Members and the Chairperson of the Human Resources Committee shall lead the process.

### **21. The Board's Relationship with the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development**

- 21.1. The Board is appointed by the Minister and reports to the Minister.
- 21.2. The Annual Report and audited accounts shall be availed to the Minister when available.

### **22. The Board's Relationship with other Stakeholders**

- 22.1. The Board shall familiarise itself with issues of concern to all relevant stakeholders.
- 22.2. The Board shall ensure that the institution's long-term survival and prosperity are closely intertwined with the environments and markets within which it operates and the extent to which the institution is perceived to be a responsible juristic citizen.

**23. General**

- 23.1. All Board Members shall have access to Management and the Corporate Secretary for advice about the operations and governance of the organisation and Board procedures.
- 23.2. Any Board member or member of any Board Committee must bring to the notice of the Board or its Chairperson or the CEO any material matter that he/she deems appropriate.
- 23.3. If any part of this Board Charter conflicts with anything contained in either the PECGO Act or the TRA, the Acts shall take precedence.

**24. Signatures**

**ADOPTED AND APPROVED BY THE BOARD OF DIRECTORS OF THE TOBACCO RESEARCH BOARD.**



CHAIRPERSON

02/03/22

DATE

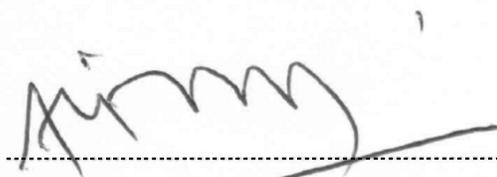


CHIEF EXECUTIVE OFFICER

02/03/22

DATE

**APPROVED BY THE MINISTER OF LANDS, AGRICULTURE, FISHERIES, WATER AND RURAL DEVELOPMENT**



HON. MINISTER (DR) ANXIOUS JONGWE MASUKA

19/04/2022

DATE

## **Schedule 1: Terms of Reference for Board Committees and Composition**

### **1. The Finance Committee**

- 1.1. The Finance Committee shall comprise three members all of whom shall be non-executive members and may include persons who are not Board Members or employees of TRB, only by invitation.
- 1.2. The Chairperson of the Board shall not be the Chairperson of the Finance Committee.
- 1.3. The functions of the Finance Committee shall be;
  - (i) To review and recommend approval of TRB's annual budget, management accounts and annual financial statements.
  - (ii) To review and recommend changes to financial policies and controls.
  - (iii) To investigate any financial activity that the Board may assign to the Committee.
  - (iv) To monitor TRB's financial performance and advise the Board accordingly.
  - (v) To review and make recommendations to the Board regarding all proposals regarding capital expenditure and disposal of assets.
  - (vi) To review and recommend to the Board the investment management activities of TRB.

### **2. The Audit and Risk Management Committee**

- 2.1. The Audit Committee shall comprise three members all of whom shall be non-executive members.
- 2.2. The Chairperson of the Board shall not be a member of the Audit and Risk Committee.
- 2.3. The Committee provides a forum for effective communication between the Board and the external and internal auditors.
- 2.4. The Head of Internal Audit shall report directly to the Audit Committee and the CEO.
- 2.5. The functions of the Audit and Risk Management Committee shall be;
  - (i) To establish appropriate accounting procedures and controls in respect of TRB's business and activities and to ensure compliance with them.
  - (ii) To supervise the TRB's internal auditors and its systems for internal audit.
  - (iii) To introduce such measures as in the Committee's opinion may enhance the objectivity and accuracy of TRB's financial statements and reports.
- 2.6. The Board may assign additional functions to its Audit Committee, so long as they do not limit the Committee's ability to exercise independently the functions listed in (d).

### **3. Human Resources Committee**

- 3.1. The Committee shall comprise three non-executive members.
- 3.2. The Chairperson of the Board may be the Chairperson of the Human Resources Committee.
- 3.3. The functions of the Human Resources Committee shall be:
  - (i) To review the Human Resources Strategy and recommend approval by the Board.
  - (ii) To review the remuneration packages of senior management annually and makes recommendations to the board.
  - (iii) To evaluate the performance of the Chief Executive Officer and makes recommendations to the Board.
  - (iv) To review and monitor TRB's compliance with TRB Human Resources Policies, labour laws and regulations including the TRB's Code of Conduct.

### **4. Research, Extension, Business Development and Marketing Committee**

- 4.1. The Committee shall comprise three non-executive members.
- 4.2. The Committee is responsible for reviewing and recommending research programmes to the Board.
- 4.3. The functions of the Research, Extension, Business Development and Marketing Committee shall be:
  - (i) To Review and recommend the cropping programme.
  - (ii) Review and recommend the production and marketing policies for goods and services.
  - (iii) Review and recommend extension programmes.