

MEMORANDUM OF INCORPORATION

of

INDEPENDENT OWNERS ASSOCIATION NPC Registration number:/08

a non profit company referred to in this Memorandum of Incorporation ("MOI") as
"the Association"

This MOI is in a form unique to the Association as contemplated in section 13(1)(a)(ii) of the
Companies Act, 2008 ("the Act")

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1. DEFINITIONS AND INTERPRETATION

1.1 In this MOI, unless the context indicates the contrary:

1.1.1 "Act" means the Companies Act, 71 of 2008;

1.1.2 "AGM" means an annual general meeting of the Members;

1.1.3 "Board" means the board of directors of the Association;

1.1.4 "Board Meeting" means a meeting of the Board;

1.1.5 "Business Day" means any Day other than a Saturday, Sunday or South African Public Holiday;

1.1.6 "Calendar Month" means one of the twelve Months of the Year from the first to the last Day of such Month;

1.1.7 "Chairman" means the chairman referred to in clause 36;

1.1.8 "CIPC" means the Companies and Intellectual Property Commission;

1.1.9 "Day" means a calendar day;

1.1.10 "Member" means an Owner who meets the membership requirements of this MOI and is admitted to membership of the Association;

1.1.11 "Members' Meetings" means a meeting of the Members;

1.1.12 "MOI" means this Memorandum of Incorporation;

1.1.13 "Month" means a month calculated from a particular Day in one month to the Day before the Day numerically corresponding to it in the following month;

1.1.14 "Owners" means individuals and/or juristic entities (including trusts) who own or part-own race horses and have colours registered with the Jockey Club of South Africa;

1.1.15 "Racing Bodies" means racing authorities, racing clubs, breeders of thoroughbred race horses and other bodies concerned with race horses and horse racing;

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- 1.1.16 "Regulations" means the Regulations to the Act;
- 1.1.17 "Rules" means rules relating to the governance of the Association in respect of matters that are not addressed in the Act or the MOI, as contemplated in section 15(3) of the Act;
- 1.1.18 "Treasurer" means a staff member of the Association who has been appointed by the Association to manage the Association's finances;
- 1.1.19 "Vice-Chairman" means a member of the Board elected in accordance with the provisions of clause 36 to act as vice-chairman;
- 1.1.20 "Year" means a year calculated from a particular Day in one year to the Day before the Day numerically corresponding to it in the following year.
- 1.2 A reference to any legislation (including statutes, ordinances, regulations and by-laws) must be construed as a reference to that legislation as at the date on which this MOI is adopted by the Association, and as may be amended or re-enacted or substituted from time to time.
- 1.3 Headings of clauses are inserted for the purpose of convenience only and must be ignored in the interpretation of this MOI.
- 1.4 Unless inconsistent with the context, words signifying any one gender will include the other, words signifying the singular will include the plural and vice versa and words signifying natural persons will include artificial persons and vice versa.
- 1.5 For the purposes of this MOI, whenever any number of Days is prescribed, it excludes the first and includes the last Day unless the last Day falls on a Saturday, Sunday or South African public holiday in which case the last Day will be the next succeeding Business Day.

2. **INCORPORATION AND NATURE OF THE ASSOCIATION**

- 2.1 The Association is established for the purpose of representing, protecting and promoting the interests of its Members in all spheres of horse racing.

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- 2.2 The Association is incorporated as a non profit company, as defined in the Act.
- 2.3 The Association is incorporated in accordance with, and governed by:
- 2.3.1 the unalterable provisions of the Act that are applicable to non profit companies, subject to any higher standards, greater restrictions, longer periods of time or more onerous requirements set out in this MOI in accordance with section 15(2)(a)(iii) of the Act;
- 2.3.2 the alterable provisions of the Act that are applicable to non profit companies, subject to any limitation, extension, variation or substitution set out in this MOI; and
- 2.3.3 the provisions of this MOI.

3. OBJECTS AND POWERS OF THE ASSOCIATION

- 3.1 The main object of the Association is to promote, protect and represent the interests of its Members in all spheres of horse racing by amongst other things:
- 3.1.1 representing its Members in their relationships and dealings with Racing Bodies;
- 3.1.2 procuring official recognition by Racing Bodies;
- 3.1.3 facilitating the establishment of benevolent funds, trusts, pension funds, provident funds and the like for the benefit of its Members and their dependants;
- 3.1.4 establishing and cultivating relationships with similar associations in other provinces;
- 3.1.5 promoting and advancing horse racing; and
- 3.1.6 doing all things incidental and conducive to attaining these objects.
- 3.2 Except to the extent necessarily implied by the stated objects, the purposes and powers of the Association are not subject to any restriction,

limitation or qualification, as contemplated in section 19 (1)(b)(ii) of the Act.

4. **MOI AND RULES**

Amending the MOI

- 4.1 The Board may at any time propose a resolution to amend the MOI as contemplated in section 16(1)(c)(i)(aa) of the Act. The resolution must be passed in accordance with the provisions of this MOI.

Rules

- 4.2 The Board may not make any Rules as contemplated in section 15(3) of the Act.

5. **THE MEMBERS**

The Members are voting Members of the Association.

6. **QUALIFICATIONS FOR MEMBERSHIP**

To qualify as a Member, an applicant must:

- 6.1 be an Owner;
- 6.2 not be interested or engaged, whether directly or indirectly, as a proprietor, partner, shareholder, director, member of a close corporation, employee, agent, consultant or otherwise, in any entity, firm, business or undertaking within the horse racing fraternity which may have interests which conflict with the objectives of the Association; and
- 6.3 pay the annual subscription fee referred to in clause 8.

7. **HOW TO APPLY FOR MEMBERSHIP**

- 7.1 Application to become a Member may be made by completing a membership application form available from the Association on request and submitting the duly completed application form, any documents

specified in the application form, and paying the prescribed application fee, if any, to the Association.

7.2 The address selected by the applicant on the membership application form shall be deemed to be the address at which the applicant shall accept delivery of all notices and correspondence from the Association from time to time. The applicant may change such address at any time by giving the Association at least 7 Days prior written notice of such change.

7.3 An applicant may be admitted as a Member if the Board is satisfied that the applicant meets the qualifications in clause 6 and the Board does not otherwise have any reasonable objection to the applicant being admitted as a Member.

7.4 If an application for membership of the Association is refused, the Association must refund the application fee, if any, paid by the applicant to the Association.

8. ANNUAL SUBSCRIPTION FEE

8.1 By virtue of being a Member, each Member must pay the Association an annual subscription fee determined by the Board from time to time.

8.2 The annual subscription fee must be paid to the Association in advance on or before 1 July of each Year.

9. TERMINATION OF MEMBERSHIP

9.1 A Member's membership of the Association will be terminated if the Member:

9.1.1 no longer satisfies the qualifications for membership set out in clause 6;

9.1.2 fails to make payment of the annual subscription fee within 2 Months after the due date for payment thereof; or

9.1.3 resigns as a Member on written notice to the Association to that effect.

10. REINSTATEMENT OF MEMBERSHIP

- 10.1 A Member whose membership has been terminated in accordance with the provisions of the MOI may apply in writing to the Association for reinstatement as a Member.
- 10.2 Membership of the Association may be reinstated if a resolution to reinstate the applicant as a Member is supported by the Board.

11. MEMBERS' RIGHTS TO INFORMATION

The Members do not have any additional rights to information other than the rights contained in section 26(1) of the Act.

12. MEMBERSHIP RIGHTS AND OBLIGATIONS

The Members' rights are limited to:

- 12.1 the right to:
- 12.1.1 attend and speak at AGM's;
 - 12.1.2 nominate and elect persons to the Board; and
 - 12.1.3 vote on any other issues referred by the Board to the Members for a decision; and
- 12.2 any other rights set out in this MOI.

13. MEMBERS' AUTHORITY TO ACT

- 13.1 As contemplated in section 57(2) of the Act, if at any time, the Association only has one Member, that Member can exercise all voting rights on any matter to be determined by the Members at any time without complying with any notice requirements and other internal formalities.
- 13.2 As contemplated in section 57(4) of the Act, if at any time, every Member is also a director of the Association, where a decision is required to be made by the Members, the Members need not comply with notice requirements or any other formalities.

14. **RECORD DATE FOR EXERCISE OF MEMBER RIGHTS**

14.1 As contemplated in section 59(3), if the Board fails to determine a record date for the exercise of Members' rights, the record date for the relevant matter is:

14.1.1 in the case of a Members' Meeting, the latest date by which the Association is required to give Members notice of the meeting; and

14.1.2 in any other case, the date of the event or action.

15. **REQUIREMENT TO HOLD MEMBERS' MEETINGS**

15.1 The Board:

15.1.1 may call a Members' Meeting at any time when it is required by the Act or this MOI to refer a matter to the Members for a decision; and

15.1.2 must call an AGM within 6 Months after the end of each financial year.

15.2 At each AGM:

15.2.1 the Chairman shall present the Board's report on the activities of the Association for the past Year, together with the Association's annual financial statements;

15.2.2 the Members must nominate and elect the directors to the Board in accordance with the provisions of this MOI; and

15.2.3 the meeting must consider any other business arising from the Board's report, the financial statements and any other matters which the Board determines should be considered at the AGM.

16. **LOCATION OF MEMBERS' MEETINGS**

As contemplated in section 61(9) of the Act, the Board shall determine the date, time and venue at which a Member's meeting is to take place.

17. NOTICE OF MEMBERS' MEETINGS

17.1 As contemplated in section 62(1) of the Act, at least 10 Business Days before the date on which the AGM or any other Members' Meeting is scheduled to take place, the Board must deliver a notice of the meeting to:

17.1.1 the Members; and

17.1.2 the auditor, if any, of the Association.

17.2 As contemplated in section 62(2A) of the Act, the Association may call a Members' Meeting with less notice than required by clause 17.1, but such meeting may proceed only if every Member entitled to exercise voting rights in respect of any item on the agenda for the meeting:

17.2.1 is present at the Members' Meeting; and

17.2.2 votes to waive the required minimum notice of the Members' Meeting.

17.3 As contemplated in section 62(3) of the Act, the notice convening a Members' Meeting must be in writing and must include:

17.3.1 the date, time and place for the meeting;

17.3.2 the record date of the meeting;

17.3.3 the purpose of the meeting;

17.3.4 a copy of any proposed resolution of which the Association has received notice and which is to be considered at the meeting, and the percentage of voting rights required for the resolution to be adopted;

17.3.5 if the meeting can be participated in electronically, a notice informing the Members that they may participate in the meeting by using electronic communication and that access to and use of the electronic communication is at the Members' expense (unless the Association decides otherwise);

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- 17.3.6 in the case of an AGM:
- 17.3.6.1 the financial statements to be presented (or a summarised form thereof);
- 17.3.6.2 directions for obtaining a complete copy of the financial statements for the preceding financial year; and
- 17.3.7 a reasonably prominent statement that:
- 17.3.7.1 a Member is entitled to appoint a proxy to attend, participate in and vote at the meeting on that Member's behalf;
- 17.3.7.2 the proxy need not be a Member of the Association; and
- 17.3.7.3 that in accordance with section 63(1) of the Act, the participants in the meeting are required to provide suitable identification.
- 17.4 In accordance with section 63(1) of the Act, before any person may attend and participate in a Members' Meeting:
- 17.4.1 that person must present reasonably satisfactory identification; and
- 17.4.2 the Chairman presiding over the Members' Meeting must be reasonably satisfied that the person has the right to participate in and vote at the meeting, as a Member or proxy.
- 17.5 In accordance with section 62(4), if there was a material defect in the giving of the notice of the Members' Meeting, the Members' Meeting may proceed if every Member who is entitled to exercise voting rights in respect of any item on the agenda for the meeting is present at the meeting and votes to ratify the defective notice.
- 17.6 In accordance with section 62(5) of the Act, if a material defect in form or manner of giving notice of a Members' Meeting only relates to one or more particular items on the agenda for the meeting:
- 17.6.1 those items can be severed from the agenda and the notice will remain valid in respect of the other items on the agenda; and

17.6.2 the meeting may continue to consider a severed matter if the defective notice in respect of that matter is ratified in accordance with clause 17.4.

17.7 In accordance with section 62(6) of the Act, an immaterial defect in the form or manner of giving notice of a Members' Meeting, or an accidental or inadvertent failure in the delivery of the notice to any particular Member to whom it was addressed, does not invalidate any action taken at the meeting.

18. **ELECTRONIC PARTICIPATION IN MEMBERS' MEETINGS**

As contemplated in section 63(2) of the Act, a Members' Meeting may be conducted entirely by electronic communication, or one or more Members (or their proxies) may participate by electronic communication in all or part of a Members' Meeting that is being held in person, as long as all of the participants in the meeting are able to communicate concurrently with each other, without an intermediary, and to participate reasonably effectively in the meeting.

19. **QUORUM FOR MEMBERS' MEETINGS**

19.1 As contemplated in section 64(1) of the Act:

19.1.1 a Members' Meeting may not begin until sufficient Members are present at the meeting to exercise, in aggregate, at least 15% of the voting rights that may be exercised in respect of at least one matter to be decided at the meeting; and

19.1.2 a matter to be decided at the meeting may not begin to be considered until sufficient Members are present at the meeting to exercise, in aggregate, at least 15% of the voting rights that may be exercised on the matter at the time when the matter is called to be considered.

19.2 As contemplated in section 64(3) of the Act, despite clause 19.1 of this MOI, if the Association has more than 2 Members, a Members' Meeting may not begin, and a matter may not begin to be considered, unless at

least 3 Members are present at the meeting and the requirements of clause 19.1 of this MOI have been satisfied.

20. **POSTPONEMENTS OF MEMBERS' MEETINGS**

20.1 As contemplated in section 64(4) and 64(5) of the Act:

20.1.1 if within 30 minutes after the appointed time for a Members' Meeting to begin, a quorum is not present for the Members' Meeting to begin, the Members' Meeting is postponed without motion, vote or further notice, for a period of 7 Days;

20.1.2 if within 30 minutes after the appointed time for a Members' Meeting to begin, the quorum for a specific matter to be considered is not present:

20.1.2.1 if there are other matters on the agenda to be considered, the specific matter may be considered at a later time in the meeting, without motion or vote;

20.1.2.2 if there are no other matters on the agenda to be considered, the meeting is adjourned for one week, without motion or vote.

20.2 As contemplated in section 64(5) of the Act, the Chairman of the Members' Meeting may extend the period of 30 minutes referred to in clause 20.1 for a reasonable period on the grounds that:

20.2.1 exceptional circumstances affecting weather, transportation or electronic communication have generally impeded or are generally impeding the ability of the Members to be present at the meeting; or

20.2.2 one or more particular Members, having been delayed, have communicated an intention to attend the meeting, and those Members together with others in attendance, would satisfy the requirements of clause 19.1 or 19.2 if applicable.

20.3 As contemplated in section 64(9) of the Act, once a quorum is established for holding a Members' Meeting or deciding a matter in accordance with clause 19.1 of this MOI, the meeting can only proceed if at least

one Member with voting rights entitled to be exercised at the meeting or in respect of that matter, is present at the meeting.

20.4 In accordance with section 64(7) of the Act, the Association is not required to give further notice of a Members' Meeting that is postponed, unless the location of the meeting is different from the location of the postponed meeting.

20.5 At a postponed Members' Meeting, the Members may not contemplate any business other than the business which was on the agenda for the initial Members' Meeting.

21. VOLUNTARY ADJOURNMENT OF MEMBERS' MEETINGS

21.1 As contemplated in section 64(10) of the Act, a Members' Meeting or the consideration of any matter being debated at the Members' Meeting, may be adjourned from time to time by a decision supported by Members who in aggregate are entitled to exercise a majority of the voting rights held by the Members who are present at the meeting, and which are entitled to be exercised on at least one matter remaining on the agenda for the meeting, or the matter being considered, as the case may be.

21.2 As contemplated in section 64(13) of the Act, a Members' Meeting or a decision on a particular matter may not be adjourned in this manner beyond the earlier of a date which is:

21.2.1 120 Business Days after the record date of the Members' Meeting; or

21.2.2 60 Business Days after the date on which the adjournment occurred.

21.3 At the adjourned Members' Meeting, the Members may not contemplate any business other than the business which was on the agenda for the initial Members' Meeting, or in respect of which the initial Members' Meeting was adjourned.

21.4 In accordance with section 64(7) of the Act, the Association is not required to give further notice of an adjourned meeting unless the location of the

adjourned meeting is different from the location of the initial meeting, or the location which was announced at the initial meeting.

22. MEMBERS' VOTING RIGHTS

Each member has one voting right in relation to each matter referred to the Members for a decision.

23. MEMBERS' RESOLUTIONS

23.1 As contemplated in section 65(7) of the Act, for the Members to pass an ordinary resolution, it must be supported by more than 50% of the voting rights exercised on the resolution.

23.2 As contemplated in section 65(9) of the Act, for the Members to pass a special resolution, it must be supported by at least 75% of the voting rights exercised on the resolution.

23.3 At a Members' Meeting, in the event of an equality of votes, the Chairman shall have a casting vote in addition to his deliberative vote, if any.

23.4 As contemplated in section 65(11) of the Act, a special resolution is only required for the matters set out in section 65(11) of the Act and elsewhere in the Act.

24. WRITTEN MEMBERS' RESOLUTIONS

24.1 As contemplated in section 60 of the Act, a resolution which could have been voted on at a Members' Meeting may instead be:

24.1.1 submitted in writing to the Members; and

24.1.2 voted on by the Members in writing within 20 Business Days after the resolution was submitted to them.

24.2 A resolution contemplated in clause 24.1:

24.2.1 will have been adopted if it is supported by Members entitled to exercise sufficient voting rights for it to have been adopted as an

ordinary or special resolution, as the case may be, at a properly constituted Members' Meeting; and

24.2.2 if adopted, has the same effect as if it had been approved by voting at a Members' Meeting.

24.3 As contemplated in section 60(4) of the Act, within 10 Business Days after adopting a resolution, the Association must deliver a statement describing the results of the vote or consent process to each Member entitled to vote on or consent to the resolution, as the case may be.

24.4 Any business of the Association that is required by the Act or this MOI to be conducted at an AGM, may not be conducted in the manner contemplated in clause 24.1.

25. APPOINTMENT OF PROXIES

25.1 As contemplated in section 58(1) of the Act, each Member may appoint one proxy to represent, attend, participate and vote on the Member's behalf at meetings of the Members and in accordance with clause 24.1 of this MOI.

25.2 The instrument appointing a proxy must:

25.2.1 be in writing in a format acceptable to the Association;

25.2.2 be dated and signed by the Member appointing the proxy;

25.2.3 indicate the manner in which the proxy is required to exercise the vote of the Member whom he represents; and

25.2.4 in the case of a Member which is not an individual, be given by a duly authorised representative of such Member.

26. DELIVERY OF PROXY INSTRUMENT TO THE COMPANY

As contemplated in section 58(3)(c) of the Act, a copy of the instrument appointing a proxy must be delivered to the Association at least 24 hours

before the time at which the meeting of the Members for which the proxy is appointed, is scheduled to begin.

27. **VALIDITY OF PROXY**

27.1 In accordance with section 58(4) of the Act, a proxy's appointment:

27.1.1 is revocable unless the proxy instrument expressly states otherwise;

27.1.2 unless the instrument provides that the appointment is irrevocable, may be revoked by the Member by written notice to that effect, delivered to the proxy and to the Association, or by making a later inconsistent appointment of another proxy.

27.2 In accordance with section 58(2) of the Act, a proxy instrument remains valid for:

27.2.1 one Year after the date on which it was signed; or

27.2.2 any longer or shorter period expressly set out in the proxy instrument, unless it is revoked in accordance with section 58(4) of the Act.

27.3 As contemplated by section 58(4) of the Act, a proxy's appointment is suspended at any time and to the extent that a Member chooses to act directly and in person in the exercise of any rights as a Member.

28. **AUTHORITY OF PROXY TO DELEGATE**

As contemplated in section 58(3)(b) of the Act, unless the instrument appointing the proxy provides otherwise, a proxy may not delegate to any third party, the proxy's authority to act on behalf of the Member which the proxy represents.

29. **DELIBERATIVE AUTHORITY OF PROXY**

As contemplated in section 58(7) of the Act, a proxy may not exercise or abstain from exercising the voting rights of the Member whom he represents other than in accordance with that Member's instructions.

30. AUTHORITY OF THE BOARD

- 30.1 Subject to the other provisions of this MOI, as contemplated in section 66(1) of the Act, the business and affairs of the Association are to be managed by the Board, which has the authority to exercise all of the powers and perform any of the functions of the Association. For the sake of clarity, except to the extent that this MOI provides otherwise, all matters pertaining to the Association and not specifically dealt with in this MOI shall be decided by the Board.
- 30.2 Without limiting the general position stated in clause 30.1, but except as otherwise provided in this MOI, it is specifically recorded that the Association, by resolution of the Board, has the power to, among other things:
- 30.2.1 purchase, sell, take on hire or lease out or in invest in any assets, movable, immovable, corporeal and incorporeal, anywhere in the world, including non-income producing assets, but excluding speculative and wasting assets;
- 30.2.2 enter into any contracts, including loans as borrower or lender, contracts of insurance and contracts for the services of advocates, attorneys, auditors, consultants, advisers, agents and others;
- 30.2.3 employ any person in a temporary or permanent capacity and determine that person's remuneration; and
- 30.2.4 accept any money and/or assets from any source by way of donation or otherwise.
- 30.3 The Board may from time to time consult with or receive advice from any person, provided that such person shall not be entitled to vote at any Board Meeting.

31. COMPOSITION OF THE BOARD

- 31.1 The Board shall at all times comprise at least 3, and a maximum of 5 directors, all of whom must be Members.

32. PERIOD OF OFFICE

- 32.1 Subject to clause 32.2, all directors shall serve for a period of 3 consecutive Years or until removed from office in accordance with the provisions of the Act or this MOI.
- 32.2 As contemplated in schedule 1(5)(1)(b) of the Act, at each AGM, at least one third of the directors must retire, or if their respective number is not one third, the number nearest to but not less than one third.
- 32.3 The directors required to retire shall be those directors who have been in office for the longest period of time as at the date of the AGM. In this regard, in respect of directors of equal seniority, the directors to retire will, in the absence of agreement, be determined by lot.
- 32.4 The retiring directors may be re-elected or re-appointed to office provided that no director may hold office for a continuous period of more than 9 Years.

33. EX-OFFICIO DIRECTORS

The Association does not have any ex-officio directors.

34. ELECTION OF DIRECTORS

- 34.1 Each Member of at least one Year's standing may nominate in writing, one candidate for election as a director, provided that the candidate is a Member of at least one Year's standing and the nomination includes:
- 34.1.1 the full name of the candidate;
 - 34.1.2 the name and signature of the Member nominating the candidate;
 - 34.1.3 a brief resume of the candidate;
 - 34.1.4 the name and signature of another Member of at least one Year's standing, seconding the candidate's nomination;
 - 34.1.5 the signature of the candidate, accepting the nomination; and

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- 34.1.6 any other requirements set out in the notice calling for nominations.
- 34.2 Any nominations received by the Association which do not meet the requirements set out in clause 34.1 shall be disregarded.
- 34.3 The nominations must be delivered to the Association at least 7 Days before the scheduled date of the AGM.
- 34.4 The Board must approve every candidate who has been nominated for election and may disregard any candidate who in the opinion of the Board, does not meet the eligibility requirements to be a Director of the Association as set out in section 69 of the Act and in this MOI.
- 34.5 At the AGM or any other Members' meeting at which directors are elected:
- 34.5.1 the retiring directors shall retire;
- 34.5.2 the candidates approved for election shall be presented to the meeting and the Members who are entitled to vote on the election of the directors shall cast one vote in respect of each candidate; and
- 34.5.3 the candidates with the highest number of votes shall be elected to fill the vacancies left by the retiring directors, and any new vacancies determined by the Board.

35. **ALTERNATE DIRECTORS**

- 35.1 Each director may appoint one person who meets the requirements to be a director of the Association, to represent that director if he is absent from a Board Meeting or is otherwise incapable of acting, provided that the Board approves of the person so appointed.
- 35.2 An existing director may be appointed as an alternate director to one other director on the Board.

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- 35.3 An alternate director:
- 35.3.1 may not, unless the Board agrees otherwise, attend or act at a Board Meeting in such capacity if the director whom he is representing, is present at such meeting;
- 35.3.2 may not sign any resolution passed otherwise than at a Board Meeting unless the director whom he is representing is absent or is otherwise incapable of signing the resolution;
- 35.3.3 may only at any given time, act as an alternate director to one director of the Association, being the director who appointed him;
- 35.3.4 may otherwise exercise all of the rights of the director whom he represents, in the absence or incapacity of such director, and is subject to all the duties of such director; and
- 35.3.5 shall vacate his office if the office of the director who he represents is terminated for any reason.
- 35.4 If during a director's absence or inability to act, the alternate director appointed to represent such director for any reason vacates his office as an alternate director, the Chairman may appoint a new alternate director to act on behalf of the absent or unable director, provided that the Board approves the alternate director so appointed by the Chairman.

36. THE CHAIRMAN AND VICE-CHAIRMAN

- 36.1 The Chairman shall chair all Board Meetings and Members' Meetings and in his absence, the Vice-Chairman shall do so.
- 36.2 The Chairman and Vice-Chairman shall be elected from the directors by the Board and shall hold office for a period of one Year after the date of their respective appointments or until removed in accordance with the provisions of this MOI or the Act.
- 36.3 A retiring Chairman or Vice-Chairman may be re-elected to office.

36.4 The Vice-Chairman shall assist the Chairman in all matters pertaining to the business of the Association.

37. INELIGIBILITY AND DISQUALIFICATION OF DIRECTORS

37.1 In terms of section 69 of the Act, a person is ineligible to be a director of the Association, if that person:

37.1.1 is a juristic person;

37.1.2 is an unemancipated minor, or is under a similar legal disability; or

37.1.3 does not satisfy any additional qualifications to be a director as set out in this MOI.

37.2 In terms of section 69 of the Act, a person is disqualified from being a director of the Association if:

37.2.1 that person has been prohibited by a court from being a director, or has been declared delinquent or under probation in terms of section 162 of the Act, or section 47 of the Close Corporations Act, 1984;

37.2.2 that person:

37.2.2.1 is an unrehabilitated insolvent;

37.2.2.2 is prohibited in terms of any public regulation to be a director of the Association;

37.2.2.3 has been removed from an office of trust on the grounds of misconduct involving dishonesty; or

37.2.2.4 has been convicted in the Republic or elsewhere, and imprisoned without the option of a fine, or fined more than the prescribed amount, for theft, fraud, forgery, perjury or an offence listed in section 69(8)(b)(iv)(aa) to (cc) of the Act;

37.2.3 is subject to proceedings for the sequestration of his estate, whether voluntarily or compulsorily;

37.2.4 commits an act of insolvency as defined in the Insolvency Act, 24 of 1936.

37.3 In addition to the ineligibility and disqualification provisions contemplated in section 69 of the Act, a director shall immediately cease to hold office as a director if he:

37.3.1 for any reason fails to attend at Board Meetings over a consecutive 6 Month period and is not represented at such Board Meetings by an alternate director;

37.3.2 he ceases to be a Member.

38. DIRECTORS' REMUNERATION

38.1 Unless the Board determines otherwise, the Association shall not pay a director any remuneration in his capacity as a director of the Association.

38.2 The Association shall reimburse a director for any reasonable and necessary expenses incurred in advancing a stated object of the Association, provided that the director has been authorised by the Board to incur such expenses on the Association's behalf.

39. INDEMNIFICATION OF DIRECTORS

39.1 As contemplated in section 78(1) of the Act, for the purpose of clauses 39.2 to 39.4, the word "director" refers to the current directors of the Association from time to time.

39.2 In accordance with the provisions of section 78(4) of the Act, the Association may:

39.2.1 pay any expenses which a director incurs to defend litigation in any proceedings arising out of the director's service to the Association; and

39.2.2 indemnify a director for the expenses referred to in clause 39.2.1 of this MOI, if proceedings are abandoned, exculpate the director or

arise in respect of any liability other than liability referred to in section 78(6) of the Act.

39.3 In accordance with the provisions of section 78(5) of the Act, the Association may indemnify a director in respect of any liability, except liability provided for in S78(6) of the Act.

39.4 In accordance with section 78(7) of the Act, the Association may purchase:

39.4.1 insurance to protect a director against liability or expenses for which the Association may indemnify a director in terms of clauses 39.2.2 and 39.3 of this MOI;

39.4.2 insurance to protect the Association against any contingency, including expenses or liability against which the Association is permitted to indemnify a director.

40. **BOARD MEETINGS**

40.1 As contemplated in section 73(1) of the Act, the Chairman, Vice-Chairman or any other director authorised by the Board:

40.1.1 may call a meeting of the Board at any time; and

40.1.2 must call a meeting of the Board if required to do so by at least 25% of the directors, if there are at least 12 directors on the Board, or by 2 directors in any other case.

40.2 The Board must meet at least once every quarter.

Electronic Participation

40.3 As contemplated in section 73(3) of the Act, if the Chairman so permits, a Board Meeting may be conducted entirely by electronic communication or one or more directors may participate in a Board Meeting by electronic communication, provided that all participants can participate effectively in the meeting and can communicate concurrently with each other without an intermediary.

Notice of Board Meetings

40.4 As contemplated in section 73(4)(a) of the Act, the Board may determine the form and time for giving notice of a Board Meeting, except that the notice must be in writing and must contain at least the following information:

40.4.1 the date, place and time of the meeting;

40.4.2 a detailed description of the matters to be considered at the meeting;
and

40.4.3 whether the directors may participate in the meeting using electronic communication and if so, the means by which such participation may be accessed.

40.5 As contemplated in section 73(5) of the Act, if the Association fails to give the required notice of a Board Meeting, or if there is a defect in the giving of the notice, the meeting may proceed if all of the directors:

40.5.1 acknowledge actual receipt of the notice;

40.5.2 are present at the meeting; or

40.5.3 waive notice of the meeting.

Quorum and Voting

40.6 As contemplated in section 73(5) of the Act:

40.6.1 the quorum for a meeting of the Board is at least 75% of the directors in office, or if their number is not 75%, the number nearest to but not less than 75%;

40.6.2 each director has one vote in respect of a matter to be decided by the Board;

40.6.3 a resolution of the Board is passed by a simple majority; and

40.6.4 in the event of an equality of votes, the Chairman shall have a casting vote in addition to his deliberative vote in his capacity as a director of the Association.

40.7 Minutes of each Board Meeting must be distributed to all directors within 30 Days after the date of the meeting.

41. **WRITTEN RESOLUTIONS OF THE BOARD**

In accordance with section 74(1) of the Act, a decision which could be voted on at a Board Meeting may instead be adopted by written consent of that number of directors required for the resolution to have been adopted at a Board Meeting, given in person or by electronic communication, provided that:

41.1 each director has received notice of the matter to be decided; and

41.2 the Association receives written notice from each director advising the Association of their respective decisions within 7 Days after the date on which the Association notified the directors of the matter to be decided.

42. **DECISIONS REQUIRING THE CONSENT OF THE MEMBERS**

The following decisions require the approval by special resolution of the Members, and any decision without such approval will be of no force and effect:

42.1 any amendment of this MOI;

42.2 the appointment and/or removal of the directors;

42.3 the carrying on by the Association of any public benefit activities other than the public benefit activities for which the Association was established as referred to in this MOI;

42.4 the cessation by the Association of all, or any part of, the public benefit activities for which it has been established;

42.5 any other decisions which require a special resolution in terms of the Act.

43. COMMITTEES OF THE BOARD

43.1 As contemplated in section 72(1) of the Act, the Board may by resolution:

43.1.1 appoint any number of committees of directors; and

43.1.2 delegate to any committee any authority of the Board.

43.2 As contemplated in section 72(2) of the Act, unless the resolution of the Board provides otherwise, a committee:

43.2.1 may include persons who are not directors of the Association, provided that such persons:

43.2.1.1 are not ineligible or disqualified from being a director in terms of section 69 of the Act; and

43.2.1.2 may not vote on any matter to be decided by the committee;

43.2.2 may consult with or receive advice from any person; and

43.2.3 subject to clause 28.3, has the full authority of the Board in respect of a matter referred to it.

43.3 A decision of a committee shall not be of any force and effect unless and until ratified by a resolution of the Board.

43.4 In accordance with section 66(12) of the Act, any director may be appointed to more than one committee of the Association.

44. BANKING ACCOUNT

44.1 The Association must ensure that a bank account in the name of the Association is opened at a reputable banking institution and that:

44.1.1 the Chairman, Vice-Chairman and at least one other director are authorised by the bank to engage in transactions in respect of such account; and

44.1.2 it is a condition of the account that all transactions on the account are authorised by the Chairman and at least one other authorised signatory.

44.2 The account may be used for the Association's purposes and no other purpose whatsoever.

45. **FINANCIAL ASSISTANCE**

45.1 As contemplated in Schedule 1(5)(3) of the Act, the Association must not provide a loan to, secure a debt or obligation of, or otherwise provide direct or indirect financial assistance to, a director of the Association or of a related or inter-related company, or a person related to such director.

45.2 Clause 45.1 does not prohibit a transaction if it:

45.2.1 is in the ordinary course of the Association's business and for fair value;

45.2.2 constitutes an accountable advance to meet:

45.2.2.1 legal expenses in relation to a matter concerning the Association;
or

45.2.2.2 anticipated expenses to be incurred by the director on behalf of the Association;

45.2.3 is to defray a director's expenses for removal at the Association's request; or

45.2.4 is in terms of an employee benefit scheme generally available to all employees or a specific class of employees.

46. **FUNDAMENTAL TRANSACTIONS**

As contemplated in Schedule 1(2) of the Act, the Association may not:

46.1 amalgamate or merge with, or convert to a profit company; or

46.2 dispose of any part of its assets, undertaking or business to a profit company, other than for fair value, except to the extent that such disposal occurs in the ordinary course of business of the Association's activities.

47. **CONFIDENTIALITY**

47.1 The Association is responsible for protecting and safeguarding its Confidential Information.

47.2 The Association is accordingly required to take all reasonable steps to safeguard its Confidential Information against unauthorised disclosure.

47.3 The Members and directors of the Association may be exposed to the Association's Confidential Information and/or the Association may disclose such information to the directors.

47.4 The Members and directors of the Association must, in perpetuity:

47.4.1 treat all of the Association's Confidential Information as confidential and not use any of it in any manner, or for any purpose, inconsistent with the Association's operations and/or reasonable instructions;

47.4.2 keep all of the Association's Confidential Information strictly confidential, secure and protected from unauthorised use, disclosure or access;

47.4.3 not disclose the Association's Confidential Information to any third party without the prior written consent of the Association; and

47.4.4 on request by the Association, within 5 Days of the date of that request:

47.4.4.1 return to the Association all Confidential Information, in whatever form it was provided, and/or reports relating to the Association's operations or containing any of the Association's Confidential Information, together with all copies thereof; or

47.4.4.2 if requested by the Association, destroy the Association's Confidential Information in its/his possession and all copies thereof

and provide the Association with a signed certificate confirming such destruction.

47.5 All of the Association's Confidential Information is, and at all times remains, the Association's property and the Members and directors of the Association will not acquire any rights in, or to, any of the Association's Confidential Information which comes to its/his attention or is otherwise disclosed to it/him.

48. **FINANCIAL YEAR**

The financial year of the Association is from 1 March until the last Day of February of each Year.

49. **ANNUAL FINANCIAL STATEMENTS**

As contemplated in section 30(1) of the Act, within 6 Months after its financial year end or such shorter period as may be required to provide the required notice of an annual Board Meeting, the Association must prepare annual financial statements.

50. **AUDIT REQUIREMENTS**

As contemplated in section 84(1)(c) of the Act, except to the extent that the Association is required by the Act or the Regulations to have its annual financial statements audited as contemplated in section 84(1)(c)(i) of the Act, the Association is not required to comply with the provisions of Chapter 3 of the Act in relation to such audit.

51. **DISTRIBUTION OF ASSETS ON DISSOLUTION**

Upon dissolution of the Association, its net value must be distributed in accordance with the provisions of item 1(4) of Schedule 1 to the Act.

THE END