



ZIMBABWE STOCK EXCHANGE LIMITED

Practice Note 7

To the Securities and Exchange Rules, Statutory Instrument
134 of 2019

("ZSE Listing Rules")

Issued pursuant to section 3 (1) (h) of Statutory Instrument
134 of 2019 of the ZSE Listing Rules

BOARD AND COMMITTEE COMPOSITION

1. Definitions

Terms used in this Practice Note which are defined or interpreted in the ZSE Listing Rules shall have the same meaning as in the ZSE Listing Rules.

2. Corporate Governance

1. Section 73 (5) of the ZSE Listing Rules states that, all issuers must appoint the following committees of their boards, namely an audit committee, a nomination committee, a remuneration committee

and a risk committee. Issuers must disclose in their annual financial statements the composition of the board and such committees and give a brief description of their mandates.

2. Section 73 (9) of the ZSE Listing Rules states that, the Chairperson of the board of an issuer must be an independent director.
3. Section 78 (3) of the ZSE Listing Rules states that, an issuer must ensure that its audit committee is chaired by an independent director possessing the necessary expertise and experience.

3. Policy on Board Appointments

1. In line with section 73 (2) of the Listing Rules, all Issuers must have a policy on the procedures for appointments to the board and its committees.
2. All Issuers are to present the policies and procedures to the ZSE for review.

4. Chairmanship

1. With respect to the Audit Committee, the committee must be chaired by an independent director possessing the necessary expertise and experience. The Issuer must submit to the ZSE a written confirmation that the audit committee is being chaired by an independent chairperson with the necessary expertise and experience by 28 February 2020.

2. With respect to the Main Board, the chairperson of the board of an Issuer must be an independent director. The Issuer must submit a written confirmation that the main board is being chaired by an independent director by 28 February 2020.
3. If any changes to the holders of these positions occur during the year, the Company shall notify the ZSE within three (3) business days after the occurrence of such changes.

5. Composition

1. Issuers must ensure that no more than forty (40) per centum of the directors are appointed as executive directors.

6. Annual Compliance

1. Issuers must submit an annual compliance report on Board Composition in terms of;
 - i. Ratio of Executives, Non Executives and Independent Board Members
 - ii. Composition of Audit Committees
2. The Compliance report must be done and submitted to the ZSE within 30 days after the issuer's last Annual General Meeting.

7. Transitional Provision

1. All listed entities must provide to the ZSE information pertaining to the Issuers board and board committee composition and status of directors (whether executive, non-executive, independent or non-independent) for purposes of ZSE's records on or before 28 February 2020.

8. Other Matters

1. All information communicated should be signed by a duly authorised person for and on behalf of the directors of the company.
2. Where the applicable ZSE Listing Rules, require documents to be sent, submitted or forwarded to the Exchange they must be delivered to Issuer Regulation.

9. Effective Date

This Practice Note takes effect from 17 January 2020.

Issued by

Zimbabwe Stock Exchange Limited