



CHARTER OF THE BOARD OF DIRECTORS

1. Introduction

The purpose of this mandate (the “Mandate”) of the Board of Directors (the “Board”) of Cave Shepherd & Co. Limited (“Cave Shepherd”) is to provide guidance to Board members as to their duties and responsibilities. The power and authority of the Board is subject to the provisions of applicable law and regulations.

2. Purpose of the Board

The Board is responsible for the stewardship of Cave Shepherd which therefore requires the Board to oversee the conduct of the business and affairs of the Company. Consequently, the role of the Board has two fundamental elements: decision-making and oversight. The decision making function is exercised with executive management with respect to formulation of strategic goals and fundamental policies as well as through the approval of certain significant actions. The oversight function concerns the review of management’s decisions, the adequacy of systems and controls, the implementation of policies and the effective communication and public disclosure of information required under applicable laws and regulations.

The Board recognises that it is responsible for balancing decision-making with oversight functions so as to ensure that Cave Shepherd is headed in the right direction, aware of the risks and establishing the way ahead. Consequently, the Board discharges some of its responsibilities directly and discharges others through committees of the Board. In fulfilling its responsibilities the Board shall have unrestricted access to management and authority to select, retain, terminate and approve the fees of any independent legal, accounting or other advisors to assist it.

3. Membership and Ethics

Each member of the Board must act honestly and in good faith with a view to the best interests of Cave Shepherd and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A director is responsible for the matters specifically outlined below as well as for other duties as they arise in the director's role.

All members of the Board shall have the requisite experience and skills given the nature of Cave Shepherd and its business and have a proven record of sound judgment. Directors shall possess the following characteristics and traits that reflect:

- High ethical standards and integrity in their personal and professional dealings;
- The ability to develop thoughtful and experience counsel on a broad range of issues and to develop a depth of knowledge of Cave Shepherd's business in order to understand and assess the assumptions on which Cave Shepherd's strategic and business plans are based; and to form an independent judgment with respect to the appropriateness and probability of achieving such plans;
- The ability to monitor and evaluate Cave Shepherd's financial performance;
- An appreciation of the value of the Board and team performance over individual performance and a respect for others; and
- An openness to the opinion of others and the willingness to listen, as well as the ability to communicate effectively and to raise tough questions in a manner that encourages open and frank discussion.

Specific Expectations:

General

- To commit the time and resources necessary to properly carry out their duties;
- To adequately prepare for and attend all regularly scheduled Board meetings;
- To understand fully the role of the Board, the roles of the committees of the Board and the contribution individual directors are expected to make;
- To set the standard for Cave Shepherd-wide ethical conduct and ensure ethical behaviour and compliance with laws and regulations;

- To promptly inform the Chairman of the Board and refrain from voting or participating in discussion of the matter in respect of which he has an actual or potential conflict of interest. If it is determined that a significant conflict of interest exists and cannot be resolved, the director shall resign;
- To act in accordance with applicable laws, Cave Shepherd's Articles, By-Laws and Company policies; and
- Upon joining the Board, Directors must familiarise themselves with the Board's policies and Cave Shepherd's corporate profile, organisational structure and corporate governance policies, procedures and practices.

Conflict of Interest and/or Related Party Transactions

- Any actual or potential conflict of interest and/or related party transaction shall be disclosed as soon as reasonably practicable either in writing or verbally to the Chairman of the Board of Directors, the Chairman of the Corporate Governance & Nomination Committee or the Company Secretary where appropriate; or at the next Board of Directors Meeting
- In keeping with the Corporate Governance Policy and the Corporate Governance & Nomination Committee Charter, the Corporate Governance & Nomination Committee shall, where appropriate, assess the Director's actual or potential conflict of interest and/or the related party transaction and his ability to effectively perform his duties as Director of Cave Shepherd
- Once a conflict of interest and/or a related party transaction has been deemed to arise the conflicted Director shall declare a conflict of interest and refrain from voting on that matter
- All conflicts of interest and/or abstentions from voting due to a conflict of interest and/or a related party transaction shall be minuted
- In the event that a conflict of interest and/or related party transaction arises with a member of the Corporate Governance & Nomination Committee, the conflicted Director shall recuse himself from any meetings of the Corporate Governance & Nomination Committee and the above mentioned process shall be followed.

4. Responsibilities

a) Strategic Planning Process

- Approve Cave Shepherd's strategic direction, plans and priorities;
- Monitoring implementation and effectiveness of the approved strategic and operating plans;
- Ensure that Cave Shepherd is in a sound financial condition and has the appropriate internal control environment; and
- Approve major business decisions

b) Identification and Management of Risks

- Ensure that Cave Shepherd has a consistent and effective risk management process to manage and control the risks arising from its business activities;

c) Succession Planning and Evaluation of Management Performance

- Recruit and retain a qualified and competent Chief Executive Officer and senior management team when necessary;

d) Oversight of Communications and Public Disclosure

- Ensure that the shareholders receive meaningful information with the appropriate degree of transparency with which to judge reasonably, the effectiveness of the Board of Directors and management in meeting their corporate governance responsibilities.

e) Internal controls

- Reviewing and approving Cave Shepherd's annual and quarterly financial statements and management discussion and analysis, and other public disclosure documents that require board approval;
- Oversee compliance with applicable audit, accounting and reporting, and legal and regulatory requirements; and
- Approving dividends, as well as capital allocation, expenditure and transactions

f) Culture of Integrity

- Establish standards of business and ethical behaviour for directors and executive management;
- Review and approve Cave Shepherd's values as set out in its Code of Ethics and Business Conduct Policy; and
- Confirm that Cave Shepherd's values as set out in its Code of Ethics and Business Conduct Policy are being complied with.

g) Corporate Governance

- Develop a set of corporate governance principles and guidelines;
- Establish board committees and define their mandate to assist the Board in carrying out its roles and responsibilities;
- Setting expectations and responsibilities of Directors, including attendance at, preparation for and participation in meetings; and
- Undertake regular evaluation of the Board, its committees and its members and reviewing its composition with a view to the effectiveness and independence of the Board and its members.

5. Amendments to Board Mandate

This Board Mandate shall be amended from time to time by the Board of Directors of Cave Shepherd & Co. Limited

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