

BBS Limited

Incorporated in Botswana

Registration number **BW00001057162**

("BBSL" or the "Company" or "BBS Limited")

UPDATE TO STAKEHOLDERS: SUSPENSION OF MANAGING DIRECTOR AND COMPANY SECRETARY – LITIGATION BROUGHT AGAINST BBSL BY MANAGING DIRECTOR AND COMPANY SECRETARY

1. Further to the Company's updates of 15 April 2021, stakeholders are advised that the Company determined on 20 April 2021 to suspend Mr Pius Komane B Molefe ("Mr Molefe") from his duties as Managing Director of BBSL pending finalisation of litigation brought against the Company by Mr Molefe and Mr Siphon Hector Showa ("Mr Showa"). Stakeholders are further advised that Mr Showa has similarly been suspended from his duties as Head of Marketing, Communication and Company Secretary. The Company has appointed Mr James Kamyuka as acting Managing Director until a further appointment can be made.
2. The court order obtained by the Company on 9 April 2021 was discharged on 19 April 2021, with the court ruling that the resolutions passed by BBSL's board of directors (the "Board") to dismiss Messrs Molefe and Showa on 5 April 2021 were a nullity by reason that Mr Molefe, in his capacity as a director, was not given proper notice of the Board meeting where these resolutions were passed. The background of this dispute is as follows:
 - 2.1 The Company had resolved on 5 April 2021 to dismiss Messrs Molefe and Showa on account of, amongst other things, misconduct and insubordination. In particular, the Board had queries regarding the notice of meeting and agenda (the "Notice") for the BBSL annual general meeting scheduled for 30 April 2021 (the "AGM"), which included resolutions on new nominees as prospective directors of the Company.
 - 2.2 In line with Article 53 of the BBSL of the Constitution, the BBSL Board Charter and the King Code on Governance Principles ("King III"), the Company has a clear process by which the entire Board, on behalf of shareholders, may nominate prospective directors for approval by the shareholders at a general meeting. Stakeholders are advised that the Board did not approve or vet the nominee directors, as required by the BBSL Board Charter/King III, and has thus far failed to receive satisfactory answers from Messrs Molefe and Showa as to how these names had been included in the Notice, which Notice had been published without the Company's approval. The process requires a shareholder to propose names to the Board and not management, for the Board to make a recommendation to the shareholders at an AGM; such names or proposals should be made to the Board not less than 21 working days before the AGM.
 - 2.3 In an attempt to rectify these errors, the Board then resolved to defer the election of Company directors to a date within 90 days of the AGM in order to allow the Board to collectively conclude the nomination process of the prospective directors, and that the extant directors would extend their terms by an identical period pending the appointment of new directors. The aim of these resolutions was to allow the Board, in its entirety, to vet

the nominees ostensibly proffered by Messrs Molefe and Showa before these nominees were presented to shareholders.

- 2.4 Stakeholders are advised that these resolutions are incompatible with the Companies Act [CAP 42:01] and the Board has since rescinded these resolutions in their entirety, having received independent legal advice on this matter. Accordingly, five Board members will retire on 26 April 2021 in accordance with their terms and the BBSL Constitution.
3. Against this background, the Company resolved again on 19 April 2021 to terminate the contracts of employment of Messrs Molefe and Showa, who are each accountable to the Board. However, Messrs Molefe and Showa urgently approached the Industrial Court on the same date and obtained an order interdicting the Company from taking any steps to enforce these resolutions.
4. In order to abide by the court order, the Company wishes to advise stakeholders that it then resolved to suspend, on full pay, Messrs Molefe and Showa from their duties with effect from 20 April 2021 pending the finalisation of the proceedings brought against the Company by the suspended employees, or the completion of investigations into possible professional misconduct by Messrs Molefe and Showa.
5. Messrs Molefe and Showa have refused to observe their suspensions and have written the Company to state they will continue to report for duty in defiance of a lawful order from their employer. The suspended employees have taken the BBSL premises and communications facilities hostage and have employed private security to refuse the Board members access to BBSL premises. Stakeholders are advised that the laws of Botswana do not permit self-help remedies and that it is unlawful for any employee, including senior management such as Messrs Molefe and Showa, to refuse to obey a suspension ordered by their employer.
6. The Company is taking all legal steps available to resolve this dispute.
7. The Company is aware of various communications made by Mr Molefe on BBSL letterhead and wishes to advise stakeholders that Messrs Molefe and Showa remain suspended employees until court proceedings are finalised or an investigation into their possible misconduct is completed. Accordingly, such communications should be ignored to the extent that they purport to represent the views of the Company. The Company categorically denies that Mr Molefe has made any attempt to engage with any of the Board members since 5 April 2021. On the contrary, all communications received by the Company so far from Messrs Molefe and Showa have been through their attorneys.
8. Stakeholders are further advised that the BBSL Constitution and King III make it clear that the Managing Director as well as the Company Secretary are appointed by, and are at all times accountable to, the Board. The Company finds it most distressing that Messrs Molefe and Showa continue to exhibit a brazen disregard for the authority of the Board, the Companies Act [CAP 42:01], the BBSL Constitution, and the BBSL Board Charter.
9. The Company will keep all stakeholders informed of all material information, in line with best practice and the Company's obligations under law.



By order of the Board

Pelani Siwawa-Ndai
BOARD CHAIRPERSON

22 April 2021

