

## SUMMARY OF THE PROPOSED UPDATES TO LLR CONSTITUTION

	<b>Changes / Updates Made to the Constitution</b>	<b>Reasons for the Changes / Update</b>	<b>Clause Reference</b>
1.	Updated referencing to the Botswana Companies in the definitions clause.	The reference of the Companies Act has been updated from Companies Act 2003 (No 32) (which was the Act reference at the time the existing Constitution was approved) to the current reference Companies Act [Cap 42:01] of the Laws of Botswana.	Definition at 1.2.1.
2.	The definition of Annual General Meeting	The definition of Annual General Meeting has been included in the updated document, as there was previously no definition provided.	Definition at 1.1.2
3.	Inclusion of provision and definition on beneficial interest	<p>The update has been made is in line with the requirements of the Botswana Companies (Amendment) Act which dictates that the Constitution of every company in Botswana should include the concept of and definition of beneficial ownership.</p> <p>Companies are now required to provide the Companies and Intellectual Property Authority (CIPA), with beneficial interest information pursuant to the Amendment Act.</p> <p>The definitions clauses therefore incorporate the definition of beneficial interest pursuant to sections 329 (1) and 329 (2) of the Companies Act.</p>	Definition at 1.1.3

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4.	Updated definition of the Botswana Stock Exchange to Botswana Stock Exchange Limited (BSEL)	The update is made in line with the updated instrument on the Botswana Stock Exchange (Transition) Act passed in 2015 and is an Act which provides for the registration of the BSE as a public company limited by shares under the Botswana Companies Act.	Definition at 1.1.5.
5.	Inclusion of definition of Chief Executive Officer	<p>A definition on the Chief Executive Officer has been included and replaces that of Managing Director.</p> <p>The term of Chief Executive Officer is read with Clause 23 of the Constitution and appoints the CEO as an ex officio member of the Board.</p> <p>This update is in line with King III on Corporate Governance and recommendations / actions from the Botswana Accountancy Oversight Authority (BAOA) for the Company's Board of Director to comprise of the ex officio members being the CEO and Chief Financial Officer.</p>	Definition at 1.1.6
6.	Inclusion of definition of Chief Financial Officer	The definition on Chief Financial Officer has been included in the definitions clause, as the position, similar to Chief Executive Officer, will constitute an ex officio member of the Board.	Definition at 1.1.7

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7.	Inclusion of Company UIN under definition of "Company"	Following updates to Companies and Intellectual Property (CIPA) re registration process and issuance of new company Unique Identification Number (UIN).	Definition at 1.1.9
8.	Definition of Central Securities Depository Botswana	The definition has been included in the updated version as, post dematerialisation, the CSDB is recognised as the central depository for listed entities.	Definition at 1.1.11
9.	Definition of debenture	<p>The definitions of debenture has been categorised into two.</p> <p>The first (at clause 1.1.12) refers to debentures as defined in the Companies Act.</p> <p>The second under 1.1.13 refers to debentures as governed by the Company's Debenture Trust Deed.</p>	Definition at 1.1.12 and 1.1.13
10.	Expanded definition of the Director	The expansion is made pursuant section 126 (3) (a) of the Companies Act which states that the term directors shall mean directors of the company who number not less than the required quorum and acting together as a Board of Directors.	Definition at 1.1.15

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11.	Removal of definition of Managing Director	Related to (5) above, the role / name of the position of the Company's accountable executive and ex officio member of the Board of Directors updated to the existing position of Chief Executive Officer.	Definition previously at 1.1.11
12.	Updated wording from 'Powers of holders of security' to 'Powers of Shareholders'	The term Shareholders included to replace 'security holders' as the term defines holders of linked units, debentures as well as shares. The definition of linked units and holders of shares, read together, define the Shareholder.  The update to the wording on shareholder is made across referencing in entire document.	Definition at 1.3
13.	Addition of provision on Debentures	Clause updated to provide that for as long as the Company remains a variable loan stock company, it shall issue each ordinary shares together with a Debenture indivisibly linked in accordance with the Debenture Trust Deed  The clause is also added to expressly provide that the Constitution shall govern the issue of shares and the Debenture Trust Deed governs the issue of Debentures.	Clause 4
	Definition of Pre-Emptive Rights on Shares	The existing Constitution does not have express definition / provision on pre-emptive rights.  These rights are provisions that grant existing shareholders the first opportunity to purchase	Clause 6.2

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		additional shares or membership interests before those shares or interests are offered to external parties.	
14.	Inclusion of a clause on Consolidation and subdivision of securities	<p>The inclusion is made pursuant to the provisions of the <b>BSE Equity Listing Requirements Appendix 3C.2 (d) (Minimum Contents of Constitution)</b> which states that a constitution shall provide for powers for consolidation and division of securities</p> <p>This has the effect of the Company being able to divide its existing shares into multiple shares with the goal of increasing the number of shares available while maintaining the same overall value.</p> <p>In terms of consolidation, this has the opposite effect of a split / subdivision in that it will allow the Company to decrease the number of shares while increasing their value proportionately. A company may elect to consolidate shares in efforts to improve the trading price of a company's shares.</p>	Clause 6.4
15.	Inclusion of a clause on Cancellation of Securities	The inclusion is made pursuant to the provisions of the <b>BSE Equity Listing Requirements Appendix 3C.2 (d) – Minimum Contents of Constitution</b> which states that a constitution shall provide for powers for cancellation of securities.	Clause 6.5

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		<p>The effect of the cancellations is that a company shall be permitted to permanently remove the shares from a company's issued shares.</p> <p>This can be done to allow a company to reduce its issued capital or eliminate certain classification of shares that may no longer be required.</p>	
16.	Inclusion of a clause on Conversion of Securities	<p>The inclusion is made pursuant to the <b>BSE Equity Listing Requirements Appendix 3C.2 (d) – Minimum Contents of a Constitution</b> - which provides that a constitution shall provide for powers for conversion of securities of any class into securities of any other class, whether issued or not.</p> <p>Conversion of shares refers to the process of converting one type of shares into another type within a company.</p>	Clause 6.6.
17.	Inclusion of a clause on Redeemable Shares	<p>The update is made pursuant to the <b>BSE Equity Listing Requirements Appendix 3C.2 (d)(viii)- Minimum Contents of a Constitution</b> – which provides that a constitution should provide for the conversion</p>	Clause 6.8

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		<p>of ordinary shares into redeemable preference shares.</p> <p>Simply put, this allows a company to be able to convert ordinary shares to redeemable shares (which are shares that that can possibly be redeemed, or reclaimed, by the issuing company).</p>	
18.	Inclusion of a clause on Reduction of Capital	<p>The inclusion is made pursuant to <b>Section 59 of the Companies Act</b> as well as the <b>BSE Equity Listing Requirements Appendix 3C.2 (d)(vi)</b></p> <p>Reduction in capital refers to the process of decreasing a company's total share capital and can be done for various reasons including financial restructuring or adjusting the capital structure of the company. The reduction in capital can be achieved through different methods, including share buybacks, cancellation of shares, or reducing the nominal value of shares.</p>	Clause 6.9
19.	Inclusion of clause on Share Fractions	<p>The update is made pursuant to the requirements of the <b>Equity Listing Requirements Appendix 3C.2 (f)</b> which provides that in the case of a fraction of a security, that fraction will not be issued to the</p>	Clause 6.10

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		shareholder and will be paid out in cash for the benefit of the shareholder.	
20.	Inclusion of a clause on Share Warrants	<p>The update is made pursuant to the requirements <b>Equity Listing Requirements Appendix 3C.2 (g)(ii)</b> (Notice to shareholders of share warrants)</p> <p>The clause provides that the Directors of the Company may issue share warrants in respect of fully paid-up shares stating that the bearer is entitled to the shares specified in the warrant.</p> <p>Share warrants are financial instruments that give the holder the right, but not the obligation, to buy a specific number of shares of a company's shares at a predetermined price.</p> <p>Share warrants are typically issued by companies as a part of a financing arrangement.</p>	Clause 6.11
21.	Deletion of “methods of transfer”	In the existing Constitution, there is mention of transfers involving share certificates as part of the process. However, this clause was removed after the dematerialisation process, when shares or linked units started being held in uncertifiable form	Previously Clause 9.3



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22.	Inclusion of provision of Notice of Registered Trust	<p>The update is made to incorporate the provisions of the 2022 Botswana Companies (Amendment) Act on the establishment or recognition of a notice of a trust in the share register of company except in the case where the trust is a beneficial owner.</p> <p>The clause notes that in accordance with the provisions of section 88, no notice of a trust may be entered into the share register of the Company except where the beneficial owner of the shares is a trust.</p> <p>The effect of this is that the Company is not obliged to take notice of the fact that the registered shareholder may hold the share for the benefit of another, and as such the Company owes no duty to ensure that the registered shareholder performs any obligation in relation to the holder of the Beneficial Interest (for example, the duty to pay over to the holder of the beneficial interest dividends as received)</p>	Clause 9.6.1
23.	Inclusion of clause on Dematerialised Linked Units	The inclusion of the clause is made pursuant to the dematerialisation process and provides that Linked Units will be held in uncertificated forms.	Clause 10

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24.	Deletion of meetings of other groups	<p>The Meetings of other groups as referred may refer to meetings of interest groups such as holders of Note issued out under a Note Programme.</p> <p>The clause has been removed as company has not issued Note Programme. However, in the event that Company issues Note Programme, the rules related to those meetings will be expressively provided for in the Note Programme itself.</p>	
25.	Expansion of provision of Notice of Meetings of Shareholders	<p>The clause has been expanded to include the current process of issuance of notice of general meetings. This includes provisions that the notice should be issued to the BSE at the same time as issued to shareholders (on the BSE Xnews platform) which notice shall provide the date, time, venue of the meeting.</p> <p>Clause 13.1.1. has been updated to reflect that notice of the meetings will be issued on 21 clear days' notice. Clear days means the notice period will not include the day on which the notice is published as well as the day of the meeting.</p> <p>Clause 13.1.3 further details that the release of the notice of the meeting on Xnews will be deemed notice to all shareholders.</p>	Clause 13.1

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26.	Inclusion of provision on notice for an adjourned meeting of Shareholders.	<p>The clause provides that where a meeting of shareholders is adjourned for more than 30 days, notice of the meeting (given the requisite 21 day or 10-day period as the case may be) shall be given as in the case of a new meeting.</p> <p>An adjourned meeting is where a properly convened general meeting of shareholders must be postponed or deferred to a later time, either on the same day or to a date in the future or indefinitely.</p> <p>The inclusion of the new clause 13.5.2 for new notice to be issued is in line with the mandatory provision on notice for a meeting adjourned for more than 30 days in line with the Second Schedule of the Companies Act.</p>	Clause 13.5.2
27.	Expansion of clause on Size of Quorum Required	The clause has been updated to reflect the percentage for a simple majority being 51%.	Clause 15.2
28.	Expansion of clause on Time for Demand for Poll	A vote by poll refers to voting on a resolution being calculated by reference to the number of shares held by shareholders present at the meeting in person, by proxy or corporate representative and members casting votes in advance, rather than by reference to the number of physical attendees at the meeting.	Clause 16.7.1 to 16.7.2.

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		<p>The update to the Time for Demand for Poll has been expanded to detail the following:</p> <ul style="list-style-type: none"> <li>(1) A poll vote so demanded may be withdrawn before a vote is taken; and</li> <li>(2) That where a poll is so demanded, it shall be taken in the manner prescribed by the Chairperson of the meeting and the result of the poll shall be deemed to the resolution of the meeting at which the poll was demanded.</li> </ul>	
29.	Removal of Chairperson's Casting Vote at a meeting of the shareholders	<p>Clause 15.12 currently states that the chairperson of a shareholders' meeting has a casting vote. This provision was initially included in the Constitution when it was drafted and adopted, primarily because many chairpersons of companies were also shareholders and thus had the authority to cast a deciding vote.</p> <p>However, this provision only applied when the chairperson was a shareholder. Casting votes are exercised in cases of a tie (deadlock) in voting. The provision has been removed due to the decreased likelihood of encountering situations requiring a casting vote.</p>	Current Clause 15.12

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30.	Expansion on clause on Shareholder Proposals	<p>Shareholder proposals refers to a notice given by a shareholder to the board of a company, ahead of a meeting of shareholders, proposing to raise points for discussion or shareholder voting.</p> <p>The clause has been expanded to reference the provision for shareholder proposals being brought forward in accordance with the Botswana Companies Act (Section 9 of the Second Schedule) which details the method in which proposal should be brought forward for a shareholder vote.</p>	Clause 19
31.	Number of Directors	Per the update that the Board composition should comprise of executive directors (ex officio members) , the inclusion of the wording is made to provide that the minimum number of directors shall include all company directors, including the ex officio members.	Clause 21.1
32.	Rotation of Directors except for EX Officio Directors	Clause added to provide that ex officio members will not be subject to annual rotation and that same will only be applicable to directors appointed by shareholders.	Clause 21.9.2
33.	Update of provisions under Appointment and Removal of Ex Officio Directors (Chief Executive Officer and Other Ex Officio Directors)	Per point 5 and 6 above, the updated clause make reference to the appointment of CEO and CFO as ex officio members of the Board of Directors.	Clause 23.1.3 and 23.1.4.

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		Further clause 23.1.4 provides that the Board of Directors may also appoint at least one additional ex officio Director.	
34.	Quorum of the Board of Directors	<p>The inclusion of the two clauses details that the ex officio directors shall be appointed and shall be counted in the quorum of the Board of Directors.</p> <p>The above is in line with corporate governance standards and in particular, is pursuant to the provisions of Paragraph 9.2.5 of the draft Pula Code of Corporate Governance Code as drafted by the BAOA which states that:</p> <p><i>'The CEO should be an executive member of the Board and attend and vote at every meeting of the board except when exceptionally excused by the board'</i></p>	Clause 23.4.1 and 23.4.2.
35.	Quorum	The clause is updated in line with the Board Charter and best governance practice for the quorum to be at least half of the members of the Board present.	Clause 24.6
36.	Update to clause of Method of Payment	The Bank of Botswana has previously advised and circulated a notice that cheques will be discontinued with effect from December 31 2023.	Clause 28.1

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		<p>The Clause has therefore been updated in line with impending banking legislation and removed the provision for the Company to pay dividend or any other money payable to shareholders by way of cheque.</p> <p>The updated clauses now provides that dividends or money shall be paid by electronic fund transfer to the registered bank account of the shareholders entitled to payment.</p>	
	Update to clause of Method of Service	The clause has been updated to include that service / notice to shareholders shall be effected if sent to the email address provided by shareholder.	Clause 29.1