

**DATATEC LIMITED****BOARD CHARTER / TERMS OF REFERENCE – OCTOBER 2019****1. CONSTITUTION**

The primary objective of the Company's Board Charter is to set out the role and responsibilities of the Board of Directors ("the Board") as well as the requirements for its composition and meetings.

This board charter is subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision and is in accordance with the recommendations of the Code of Governance Principles for South Africa 2016 ("King IV™").

**2. MEMBERSHIP**

The number of directors shall not be less than four directors and not more than fifteen. The Board shall comprise a balance of executive and non-executive directors with a majority of non-executive directors. A majority of the non-executive directors shall be independent.

Directors shall be appointed through a formal process and the Nomination Committee shall assist with the process of identifying suitable candidates to be approved by the Board as a whole and proposed to shareholders.

The Chairman shall be an independent non-executive director and the roles of the Chairman and Chief Executive Officer shall be separated. Hence the running of the Board and the executive function of the management of the Company's business will be the responsibilities of the Chairman and the Chief Executive Officer respectively.

The chief executive officer and the chief finance officer are *ex-officio* members of the board.

A formal induction programme is established for new director and inexperienced directors are developed through a mentorship programme. Continuing professional development programmes are implemented which ensure that directors receive regular briefings on changes in risks, laws and the environment.

Unless varied by these terms of reference, the appointment of directors will be governed by the Articles of Association of the Company.

**3. ROLE AND RESPONSIBILITIES OF THE BOARD**

The role and responsibilities of the Board will be, *inter alia*, to:

- . Approve strategic plans for the Company and provide oversight over policies and plans that are developed from the approved strategy.
- . Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company

- along sound corporate governance principles.
- . Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
    - o Contributing to and approving the strategy.
    - o Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management.
    - o Identifying key performance and risk areas.
    - o Ensuring that the strategy will result in sustainable outcomes.
    - o Considering sustainability as a business opportunity that guides strategy formulation.
  - . Elect a chairman of the board who is an independent non-executive director.
  - . Appoint and evaluate the performance of the Chief Executive Officer and ensure that succession is planned.
  - . Provide effective leadership on an ethical foundation and ensure that the Company's ethics are managed effectively and that the Company is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the Company but also the impact that business operations have on the environment and the society within which it operates.
  - . Retain full and effective control over the Company, monitoring management in implementing Board plans and strategies and monitoring operational performance and management.
  - . Ensure that the Company has an effective and independent audit committee.
  - . Ensure that the Company has an effective risk-based internal audit.
  - . Ensure the integrity of the Company's integrated report.
  - . Recording the facts and assumptions on which it relies to conclude that the business will continue as a going concern in the financial year ahead or why it will not, and in that case, what steps the Board is taking to remedy the situation.
  - . Commence business rescue proceedings expeditiously in the event of the Company becoming financially distressed.
  - . Be responsible for the governance of risk by determining the policy and processes to ensure the integrity of the Company's risk management and internal control procedures.
  - . Be responsible for information (IT) governance, approve and oversee any policies relating to technology and information.
  - . Implementing proper systems of internal control which are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements.
  - . Ensure that a combined assurance model is designed and implemented to cover adequately the Company's significant risks and material issues.
  - . Ensure that the Company complies with all relevant laws, regulations and codes of business practice.
  - . Ensure that the Company communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form appreciating that stakeholder's perceptions affect the Company's reputation.
  - . Develop a corporate code of conduct that addresses conflicts of interest, particularly relating to directors and management.
  - . Assess its composition to consider whether its size, diversity and demographics makes it effective.
  - . Oversee the communications policy of the Company.
  - . Act in the best interests of the Company by ensuring that individual directors:
    - o adhere to legal standards of conduct;
    - o are permitted to take independent advice in connection with their duties following an agreed procedure;
    - o disclose real or perceived conflicts to the board and deal with them accordingly.
    - o deal in securities only in accordance with the policy adopted by the board.

- . Ensure that there is an appropriate balance of power and authority on the Board, such that no individual or block of individuals can dominate the Board's decision making.
- . Ensure that each item of special business included in the notice of the Annual General Meeting, or any other shareholder meeting, is accompanied by a full explanation of the effects of the proposed resolution.
- . Encourage shareholders to attend Annual General Meetings and other Company meetings, at which the directors should be present.
- . Define and monitor the information needs of the Board.

The Board should have unrestricted access to all Company information, documents, records and property

The board should do everything necessary to fulfil its role set out above but may delegate certain functions to its committees without abdicating its own responsibilities. Delegation is formal and involves the following:

- o Formal terms of reference are established and approved for each committee of the board.
- o The committees' terms of reference are reviewed once a year.
- o The committees are appropriately constituted with due regard to the skills required by each committee.
- o The board establishes a framework for the delegation of authority to management.

#### **4. MEETINGS**

Meetings of the Board will be held as frequently as the Board considers appropriate in order to discharge its duties as set out in this charter, but it will normally not meet less than four times a year. Any Board member may call further meetings if required.

Reasonable notice of meetings and the business to be conducted shall be given to members of the Board.

The chairperson, at his discretion, may invite other executives to attend and to be heard at meetings of the Board.

#### **5. PROCEEDINGS AT MEETINGS**

Unless varied by these terms of reference, meetings and proceedings of the Board will be governed by the Company's Articles of Association.

Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only and they may not vote.

Board members must attend all scheduled meetings of the board, including meetings called on an *ad-hoc* basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or company secretary.

If the nominated chairman of the board is absent from a meeting, the directors present must elect one of the directors present to act as chairman.

The board must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in this charter: the more critical matters will

need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period.

The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated, in advance of each meeting to the members of the board and other invitees.

Board members must be fully prepared for board meetings to be able to provide appropriate and constructive input on matters for discussion.

The Company Secretary is the secretary to the board and shall take minutes of the meetings. The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the board for review thereof. The minutes must be formally approved by the board at its next scheduled meeting.

A representative quorum for meetings is as provided for in the Company's Memorandum of Incorporation.

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

## **6. GENERAL**

The Board, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.

The Board will ensure that members of the Board will have access to professional advice both inside and outside the Company in order for it to properly perform its duties.

The evaluation of the board, its committees and individual directors, including the chairman, must be performed every year.

These terms of reference may be amended as required, subject to the approval of the Board.

These terms of reference will be subject to annual review by the Board.

### **Approval**

This Charter was approved by the Chairman of the Board in October 2019.