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**REMUNERATION COMMITTEE CHARTER**

**(Terms of Reference)**

**October 2018**

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## **REMUNERATION COMMITTEE CHARTER**

### **(TERMS OF REFERENCE)**

#### **1. CONSTITUTION**

- 1.1 The Remuneration Committee (the Committee) is constituted as a committee of the board of directors of Datatec Limited (the Company). The duties and responsibilities of the members of the Committee are in addition to those as members of the board.
- 1.2 The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.
- 1.3 These terms of reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation, Code of Governance Principles for South Africa 2016 ("King IV™") and any other applicable law or regulatory provision.

#### **2. PURPOSE OF THESE TERMS OF REFERENCE**

- 2.1 The purpose of these terms of reference is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

#### **3. MEMBERSHIP**

- 3.1 The Committee shall consist of no fewer than three non-executive Directors appointed by the Board of Directors ("the Board"), a majority of whom shall be independent non-executive Directors.
- 3.2 The Board shall appoint members of this Committee and the Committee chairperson and determine the period for which he or she shall hold office. The chairperson of the board, if he or she is an independent non-executive director, may be eligible to be appointed as chairperson of the Committee.
- 3.3 The company secretary will be the secretary of the Committee.
- 3.4 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.
- 3.5 The constitution of the Committee and its chairmanship will be subject to annual review by the Board.

#### **4. ROLE**

- 4.1 The Committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final

approval. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

- 4.2 The role of the Committee is to assist the board to ensure that:
- the Company remunerates directors and executives fairly and responsibly; and
  - the disclosure of director and senior management remuneration is accurate, complete and transparent.

## **5. RESPONSIBILITIES**

The Committee must perform all the functions necessary to fulfil its role as stated above and including the following:

- 5.1 oversee the setting and administering of remuneration at all levels in the company, ensuring that it's fair and equitable;
- 5.2 determine, agree and develop the Company's general policy on non-executive, executive and senior management remuneration. The Committee shall ensure that the remuneration policy:
- 5.2.1 Attracts, motivates, rewards and retains human capital;
  - 5.2.2 Promotes the achievement of strategic objectives within the Company's risk appetite;
  - 5.2.3 Promotes an ethical culture and responsible citizenship.
- 5.3 review the outcomes of the implementation of this policy, as to whether this policy promotes the achievement of strategic objectives and encourage individual performance. The Committee will recommend the necessary improvements to the board in this regard;
- 5.4 ensure that the remuneration policy and implementation report are put to a non-binding advisory vote at the general meeting of shareholders once every year;
- 5.5 ensure that the process set out in King IV™ relating to shareholder engagement if the remuneration policy or the remuneration report (or both) have been voted against by 25% or more of the voting rights at the general meeting of shareholders is followed;
- 5.6 determine specific remuneration packages for executive directors of the company, including but not limited to basic salary, benefits in kind, any annual bonuses, performance based incentives, share incentives, pensions and other benefits ensuring that the mix of these remuneration elements meets the Company's needs and strategic objectives;
- 5.7 determine any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities and review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved;

- 5.8 give the executive directors every encouragement to enhance the company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions and performance;
- 5.9 review (at least annually) the terms and conditions of executive directors' service agreements, taking into account information from comparable companies when relevant;
- 5.10 determine any grants to executive directors and other senior employees made pursuant to the company's share schemes and satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- 5.11 be kept informed of relevant information for other Group executives and senior managers, particularly those employees with remuneration packages exceeding \$500,000, and ensure appropriate disclosure in the Company's integrated report;
- 5.12 co-ordinate its activities with the Chairperson of the Board and the Chief Executive Officer as well as consulting them in formulating the Committee's remuneration policy and when determining specific remuneration packages;
- 5.13 ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- 5.14 consider the results of the evaluation of the performance of the CEO and other executive directors, both as a directors and as executives in determining remuneration;
- 5.15 select an appropriate comparative group when comparing remuneration levels;
- 5.16 regularly review incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules;
- 5.17 advise on the remuneration of non-executive directors; and
- 5.18 oversee the preparation and recommending to the board of the remuneration report, to be included in the integrated report, for whether it:
  - is accurate, complete and transparent;
  - provides a clear explanation of how the remuneration policy has been implemented; and
  - provides sufficient forward-looking information for the shareholders to pass a special resolution in terms of section 66(9) of the Companies Act, 2008 to approve directors' fees in advance of payment.
- 5.19 The broad framework and cost of executive remuneration should be a matter for the Board on advice of the Committee.

5.20 The committee may wish to consult other non-executive directors in its evaluation of the chairperson of the board and the chief executive.

## **6. AUTHORITY**

6.1 The Committee acts in terms of the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.

6.2 The Committee, in the fulfilment of its duties, may call upon the chairmen of the other board committees, any of the executive directors, officers or company secretary to provide it with information, subject to following a board approved process.

6.3 The Committee has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

6.4 The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

6.5 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the company's cost, subject to following a board approved process.

6.6 The Committee makes the recommendations to the board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

## **7. MEETINGS**

7.1 Meetings of the Committee will be held as the Committee deems to be appropriate, however, the Committee should meet at least twice each year. Further meetings may be called by the chairperson of the Committee, by any member of the committee, by the chief executive officer or at the instance of the board.

7.2 The chairperson of the Committee may meet with the chief executive officer, head of human resources and/ or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda

7.3 The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances be forwarded to each member of the Committee prior to the date of the meeting.

7.4 The quorum for decisions of the Committee shall be any two members present who shall vote on the matter for decision.

- 7.5 The Committee shall normally invite the chairperson of the board (if he or she is not a member of the Committee) and the chief executive to attend meetings to discuss the performance of other executive directors and to make proposals as necessary.
- 7.6 The chief executive officer, chief financial officer, head of human resources or other members of senior management as may be required, assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.
- 7.7 Committee members must attend all scheduled meetings of the Committee, 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.
- 7.8 If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.
- 7.9 The chairperson (or in his / her absence, an alternative member) of the committee shall attend the annual general meeting and be prepared to answer questions concerning the remuneration of executive and non-executive directors.

## **8. PROCEEDINGS**

- 8.1 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the company's articles of association regulating the meetings and proceedings of directors and committees.
- 8.2 The Committee 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 these terms of reference: 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.
- 8.3 A detailed agenda, together with supporting documentation, must be circulated in good time to allow the committee members and other invitees in sufficient time to review the material.
- 8.4 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 8.5 The Committee secretary shall take minutes of meetings. Any Director may, provided that there is no conflict of interest and with the consent of the chairperson, obtain copies of the committee's minutes.

- 8.6 The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting
- 8.7 No Committee attendee shall participate in any discussion or decision in respect of their own remuneration.

## **9. REMUNERATION**

- 9.1 Having regard to the functions performed by the members of the committee in addition to their functions as directors in relation to the activities of the Committee, and pursuant to the specific power conferred upon the board by the articles of association of the company, members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the board.
- 9.2 Such special remuneration shall be in addition to the annual fees payable to directors.

## **10. GENERAL**

- 10.1 These terms of reference may from time to time be amended, as required, subject to the approval of the board.
- 10.2 The Board must perform an evaluation of the effectiveness of the Committee every year.

### **Approval**

These terms of reference were approved by the Chairman of the Board and Chairman of the Committee in October 2018.