

SOCIAL AND ETHICS COMMITTEE CHARTER – October 2016

1. Definitions

In this Charter, the following words and phrases shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and cognate expressions shall bear corresponding meanings:

- 1.1. "Annual Report" the annual report of the Company;
- 1.2. "Articles" the articles of association of the Company or the MOI as amended from time to time, as the case may be;
- 1.3. "Board" the Board of Directors of the Company as constituted from time to time in accordance with the Articles;
- 1.4. "Chairman" the chairman of the Committee from time to time;
- 1.5. "Charter" this social and ethics committee charter as amended or replaced from time to time;
- 1.6. "Committee" this social and ethics committee as constituted in terms of the MOI read with this Charter;
- 1.7. "Companies Act" the Companies Act, 71 of 2008 and any regulations published thereunder from time to time, all as amended or replaced from time to time;
- 1.8. "Company" Datatec Limited, registration number 1996/005004/06, a public company incorporated and registered in accordance with the laws of South Africa;
- 1.9. "Directors" the directors of the Company from time to time;
- 1.10. "Governance Authorities" the Company's governance authorities as reviewed, approved, amended or replaced by the Board from time to time;
- 1.11. "Group" the Company and its subsidiaries from time to time;
- 1.12. "King III" the King Report on Corporate Governance for South Africa, 2009;
- 1.13. "MOI" shall mean either (i) the memorandum of association and the Articles of the Company, until replaced by a memorandum of incorporation which complies with the Companies Act; or (ii) the memorandum of incorporation of the Company adopted in compliance with the Companies Act, as amended or replaced from time to time; and

- 1.14. "Stakeholders" any group affected by, and affecting, the Company's operations.

2. Introduction

- 2.1. In terms of section 72(4) of the Companies Act read with the Regulation 43 of the Companies Regulations, 2011 passed in terms of the Companies Act, the Company is obliged to have a social and ethics committee. Consequently the Company has constituted the Committee in order to perform the functions encompassed in terms of the Companies Act read with the regulations passed in terms of the Companies Act.
- 2.2. The Committee will operate independently and will be free of any organisational restraint or pressure.
- 2.3. The Board has oversight responsibility and the Committee assists the Board in fulfilling its responsibility.
- 2.4. In relation to the Group's South African subsidiaries, transformation forms an integral part of their business strategy as a major element through which the businesses are managed. The Board has therefore decided to specifically mandate the Committee in respect of all issues relating to transformation as they affect the corporate strategy of the Group's South African subsidiaries. The Committee's focus in this regard should be to assist the Board in the development of a corporate structure for Group's South African subsidiaries that will be increasingly representative of South Africa's demography. The Committee will assist the Group's South African subsidiaries to discharge their transformation and business sustainability responsibility with respect to the implementation of practices that are consistent with good corporate citizenship.
- 2.5. The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board. 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 judgment in accordance with their legal obligations.
- 2.6. These terms of reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provisions.

3. Composition

- 3.1. The Committee is a committee of the Board, advisory in nature and reports to the Board.
- 3.2. The members of the Committee shall be appointed by the Board and shall consist of not fewer than three Directors, provided that one of the members of the Committee is an independent non-executive Director.
- 3.3. The Chairman of the Committee shall be appointed by the Board and must be a non-executive Director.
- 3.4. The Group Company Secretary shall be the secretary of the Committee.
- 3.5. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.

- 3.6. The Committee is chaired by a non-executive Board member who is not the Chairman of the Board. The Board elects the Chairman of the Committee from the elected members.
- 3.7. The Committee members are required to keep up-to-date with developments affecting the required skill-set.

4. Authority of the Committee

- 4.1. The formal lines of authority and approval by the Committee are documented in the Governance Authorities.
- 4.2. The Committee is authorised by the Board to investigate any activity within its term of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 4.3. The Committee is authorised by the Board to seek external independent professional advice, and to secure the attendance of outsiders with relevant experience and expertise where necessary at the cost of the Company.
- 4.4. The Committee, in the fulfilment of its duties, may call upon the Chairmen of the other Board committees, any of the executive directors, Company officers or assurance providers to provide it with relevant information.
- 4.5. The Committee is entitled to reasonable access to the Company's records, facilities, and employees necessary to discharge its duties and responsibilities.
- 4.6. The Committee may form, and delegate authority to, subcommittees, one or more designated members of the Committee and to one or more members of the executive to perform certain tasks on its behalf.
- 4.7. The Committee is further entitled to:
 - 4.7.1. require from any Director or prescribed officer of the Company any information or explanation necessary for the performance of the Committee's functions;
 - 4.7.2. request from any other employee of the Company any information or explanation necessary for the performance of the Committee's functions;
 - 4.7.3. attend any general shareholders meeting;
 - 4.7.4. receive all notices of and other communications relating to any general shareholders meeting;
 - 4.7.5. be heard at any general shareholders meeting as contemplated above, on any part of the business of the meeting that concerns the Committee's functions.

5. Role and responsibilities of the Committee

The Committee is required to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice with regard to matters relating to:

- 5.1. **social and economic development**, including the Company's standing in terms of the goals and purposes of:

- 5.1.1. the ten principles set out in the United Nations Global Compact Principles, set out in Schedule 1;
 - 5.1.2. the Organisation for Economic Co-operation and Development recommendations regarding corruption set out in Schedule 2;
 - 5.1.3. the Employment Equity Act, 55 of 1998;
 - 5.1.4. the Broad-Based Black Economic Empowerment Act, 53 of 2003.
- 5.2. **good corporate citizenship**, including the Company's:
- 5.2.1. promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - 5.2.2. contribution to development of communities in which its activities are predominantly conducted or within which its products or service are predominantly marketed; and
 - 5.2.3. record of sponsorships, donations and charitable giving;
- 5.3. **the environment, health and public safety**, including the impact of the Company's activities and of its products or services;
- 5.4. **relationship with all Stakeholders**, including but not limited to consumers, including the Company's advertising, public relations and compliance with consumer protection laws; and
- 5.5. **labour and employment**, including:
- 5.5.1. the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
 - 5.5.2. the Company's employment relationships, and its contribution towards the educational development of its employees;
- 5.6. to draw matters within its mandate to the attention of the Board as occasion requires;
- 5.7. to report annually to the shareholder of the Company at the annual general meeting on matters within its mandate.

6. Meeting Procedures

- 6.1. The Committee holds sufficient scheduled meetings to discharge all its duties as set out in these terms of reference and its annual work plan, but subject to a minimum of two meetings per year.
- 6.2. The Committee establishes 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.
- 6.3. A detailed agenda, together with supporting documentation, is circulated, at least one week prior to each meeting to the members of the Committee and other invitees.
- 6.4. Committee members must be fully prepared for Committee meetings in order to provide appropriate and constructive input on matters discussed.

- 6.5. The minutes are completed as soon as possible after the meeting and circulated to the Chairman and members of the Committee for review thereof.
- 6.6. The minutes must be formally approved by the Committee at its next scheduled meeting.
- 6.7. Minutes of the meeting, signed by the Chairman, are sufficient evidence that the matters referred to therein have been fully discussed and agreed, whether by way of a formal meeting or otherwise.
- 6.8. Invitees to any meetings shall not have a vote.
- 6.9. Membership of the Committee should be contained in the annual report and the Chairman of the Committee should be available to the annual general meeting to answer questions.
- 6.10. 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 Committee Secretary.
- 6.11. If the elected Chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairman for the duration of that meeting.
- 6.12. The quorum for meetings is a majority of members present. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings and accordingly may not vote on any matter.

7. Remuneration

- 7.1. Members of the Committee may (unless specifically waived in writing) receive annual fees as members of the Committee which must be determined by the Board and approved in advance by shareholders.

8. Evaluation

Annually the Committee shall perform a self-assessment. These findings, together with the Chairmen's formal responses, shall be tabled to the Board.

9. General

This Charter may be amended as required, subject to the approval of the Board. It will be reviewed and approved annually.

Schedule 1

The Ten Principles of the UN Global Compact

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- [The Universal Declaration of Human Rights](#)
- [The International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#)
- [The Rio Declaration on Environment and Development](#)
- [The United Nations Convention Against Corruption](#)

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human Rights

- [Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights; and
- [Principle 2](#): make sure that they are not complicit in human rights abuses.

Labour

- [Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- [Principle 4](#): the elimination of all forms of forced and compulsory labour;
- [Principle 5](#): the effective abolition of child labour; and
- [Principle 6](#): the elimination of discrimination in respect of employment and occupation.

Environment

- [Principle 7](#): Businesses should support a precautionary approach to environmental challenges;
- [Principle 8](#): undertake initiatives to promote greater environmental responsibility; and
- [Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- [Principle 10](#): Businesses should work against corruption in all its forms, including extortion and bribery.

OECD Policy Guidelines for Preventing Corruption

[OECD Recommendation on Principles for Transparency and Integrity in Lobbying \(2010\)](#)

On 18 February 2010, the OECD Council approved the OECD Recommendation on Principles for Transparency and Integrity in Lobbying. This is the first international policy instrument to provide guidance for policy-makers on how to promote good governance principles in lobbying. The instrument is an important contribution to support cleaner, fairer and stronger economies as it promotes open government and a level playing field for businesses and stakeholders in developing and implementing public policies.

[OECD Recommendation on Enhancing Integrity in Public Procurement \(2008\)](#)

Millions in tax payers' money are lost annually to waste, fraud and corruption in public procurement. OECD countries demonstrated their commitment to prevent risks to integrity in the entire procurement cycle, from needs assessment to contract management and payment. The OECD Recommendation provides policy guidance for the implementation of international instruments developed by the OECD as well as other organisations such as the United Nations, the World Trade Organisation, the World Bank and the European Union.

[OECD Recommendation on Guidelines for Managing Conflict of Interest in the Public Service \(2003\)](#)

Conflicts of interest in both the public and private sectors have become a major matter of public concern world-wide. These guidelines provide the first international reference framework for reviewing existing solutions and modernising mechanisms in line with good practices in OECD countries.

[OECD Recommendation on Improving Ethical Conduct in the Public Service including Principles for Managing Ethics in the Public Service \(1998\)](#)

Increased concern about decline of confidence in government and corruption has prompted governments to review their approaches to ethical conduct. In response to these challenges, the Public Management Committee agreed to a set of Principles for Managing Ethics in the Public Service to help countries review the institutions, systems and mechanisms they have for promoting public service ethics. These principles identify the functions of guidance, management or control against which public ethics management systems can be checked. They draw on the experience of OECD countries, and reflect shared views of sound ethics management.

For further information on corruption, please visit www.oecd.org/corruption.