

**CARTRACK HOLDINGS LIMITED**

**(the “Company”)**

**BOARD OF DIRECTORS**

**TERMS OF REFERENCE**

**REVIEWED 14 MARCH 2019**

## 1. **CONSTITUTION**

- 1.1. The Board of directors (the "**Board**") of the Company is constituted in accordance with sections 66, 68, 69 and 70 of the Companies Act, No.71 of 2008 (the "**Companies Act**") and the Memorandum of Incorporation ("**MOI**") of the Company.
- 1.2. These terms of reference ("**TOR**") are subject to the provisions of the Companies Act, the MOI of the Company, the relevant JSE Listings Requirements of the securities exchange operated by the JSE Limited ("**JSE**") and any other applicable law or regulatory provision.
- 1.3. The Company and all of its subsidiaries are hereinafter collectively referred to as the "**Group**".

## 2. **COMPOSITION**

- 2.1. To ensure an appropriate balance of power and authority the Board shall consist of not less than five (5) members elected annually by the shareholders of the Company, the majority of whom shall be non-executive directors. The majority of non-executive directors shall be independent, as defined in the King III Report on Governance for South Africa, 2016.
- 2.2. The chairman of the Board shall be elected from its members at the first meeting of the Board following the annual general meeting of shareholders ("**AGM**") and may not be the Chief Executive Officer ("**CEO**").
- 2.3. The chairman of Board (the "**Board Chairman**") must be an independent, non-executive director. The Board Chairman must be present at the AGM and shall respond to queries on the Board's activities.
- 2.4. Each member of the Board must have the appropriate skills, relevant knowledge and expertise and the experience required to enable the Board to adequately discharge its duties toward the Company.
- 2.5. The Board shall appoint a minimum of two (2) executive directors to the Board, being the CEO and an executive financial director.

- 2.6. The Board shall be responsible for the appointment and removal of the company secretary of the Company. The company secretary shall be the secretary of the Board.

3. **OBJECTIVES, PURPOSE AND FUNCTIONS**

The Board shall direct, govern and control the business affairs of the Company in accordance with the requirements of the Companies Act, the JSE Listings Requirements and, inasmuch as it is relevant and practicable, the King IV Report on Governance for South Africa (“King IV”); in particular by:

- 3.1. Acting as the custodian of corporate governance and ethics, providing effective leadership, integrity and judgment in directing the business of the Company to create and maintain value;
- 3.2. Partaking in the development of and approving both long-term and short-term strategies that are aligned with performance, risk and sustainability;
- 3.3. Taking responsibility for the governance of risk by procuring the documentation of a risk management policy and plan, including levels of risk tolerance and internal controls and overseeing the implementation and regular monitoring thereof at management level;
- 3.4. Approving the annual financial budget and capital expenditure for the Group and ensuring the integrity of financial reporting and internal financial controls, as well as identifying and managing financial risks;
- 3.5. Ensuring that the Group complies with all applicable legislation and relevant regulatory requirements;
- 3.6. Establishing a framework for the delegation of authority within the Company and reviewing it on an annual basis;
- 3.7. Establishing a formal process for the assessment and nomination of directors for appointment to the Board, subject to shareholder approval;
- 3.8. Ensuring a formal induction program and ongoing training and development to enable directors to make the maximum contribution to the Company and to

remain informed about changes in risks, legislation, accounting standards and policies and the environment that the Company operates in;

- 3.9. Performing annual evaluations of the Board, its committees, the individual directors (non-executive and executive), the Board Chairman and the chairmen of the committees in accordance with the approved TOR and documented performance criteria;
- 3.10. Approving the Company's remuneration policies, with special regard to remuneration of executive directors, to ensure fair and responsible remuneration practices aligned to the Company's strategy. Advising on the remuneration of non-executive directors;
- 3.11. Ensuring the integrity of the Company's annual integrated report;
- 3.12. Always acting in the best interests of the Company, exercising objective judgment based on intellectual honesty and all relevant facts available at the time. To enable the Board to discharge its duties and responsibilities all directors must have reasonable access to the Group's records, facilities and any other resources that may be required;
- 3.13. The Board may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Board to perform certain tasks on its behalf but the Board remains accountable for these duties;
- 3.14. The Board and each of its directors individually has the right to obtain independent outside professional advice to assist with the execution of its duties, subject to approval by the Board, at the Company's cost;
- 3.15. The Board is accountable to the Company's shareholders.

#### **4. MEETINGS AND PROCEEDINGS**

- 4.1. Special meetings may be called by any member of the Board (including at the request of the external or internal auditors or legal advisors) where such meeting is considered to be in the best interests of the Company.

## **Frequency**

- 4.2. Meetings of the Board will be held as frequently as is considered appropriate but the Board shall hold at least 4 meetings per year.
- 4.3. Reasonable notice (confirming the venue, time and date) of Board meetings must be given to the directors together with the agenda of items to be discussed at such meeting (including relevant supporting documentation) and such notice and agenda must ideally be circulated to directors at least three (3) weeks before each meeting to allow members to be adequately prepared for the matters to be discussed.

## **Attendance**

- 4.4. The Board may invite members of senior management, external auditors, internal auditors, other assurance providers and professional advisers to attend its meetings should it so require; however, such invitees shall have no voting rights whatsoever at Board meetings.
- 4.5. Directors must attend all scheduled meetings including ad hoc Board meetings unless prior apology with reasons has been submitted to the Chairman or the company secretary. If the Chairman is unavailable to chair the relevant Board meeting then the other Board members may elect one of the members present to act as chairman of such meeting. The company secretary of the Company, as the secretary of the Board, shall keep appropriate records of all Board meetings as well as minutes of proceedings and all decisions taken at Board meetings unless he or she is unavailable, in which case the Board may appoint another person whom they consider appropriate to perform such function.
- 4.6. The company secretary, head of internal audit and external auditor shall have unrestricted access to the Chairman or any other member of the Board as is reasonably required in relation to any matter falling within the remit of the Board.

### **Annual Plan and Minutes**

- 4.7. The Board should establish an annual plan that will ensure that all relevant matters are covered on its agendas of planned meetings. This plan must cover the functions and responsibilities under these terms of reference.
- 4.8. Minutes of every meeting should be completed as soon as is reasonably possible after the relevant meeting and circulated to the Board members in good time for members to review for formal approval at each following Board meeting.

### **Quorum**

The quorum for Board meetings is a majority of Board members present (either in person or via Electronic Communication (as defined in the Companies Act)) throughout the meeting. Invited participants do not form part of the quorum and are not allowed to vote.

### **Meetings via Electronic Communication**

Board meetings may be conducted entirely by Electronic Communication (as defined in the Companies Act) and Board members may participate in Board meetings by Electronic Communication so long as the Electronic Communication employed ordinarily enables all Board members participating in that meeting to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in that meeting.

### **Round Robin Resolutions**

Decisions of the Board may be taken by way of a written resolution in accordance with section 74 of the Companies Act ("round robin resolution"). A round robin resolution shall have been adopted if supported by a majority of the Board members (and if adopted it shall have the same effect as if it had been approved by voting at a Board meeting), provided that the relevant round robin resolution (and all supporting

documentation in relation thereto) was submitted to all Board members for consideration.

### **Conflicts of Interest**

Directors shall disclose their interests in any other entity, company, venture or trust on a quarterly basis and shall promptly disclose any conflict of interest with regard to a matter to be considered by the Board. The Board (excluding the conflicted director) may require such a director to refrain from attending discussions relating to the relevant matter and the conflicted director shall excuse him/herself accordingly. Any director who may be aware that a fellow director is conflicted is obliged to disclose such information to the Board in accordance with sec 75 of the Companies Act.

## **5. REMUNERATION**

5.1. Having regard to the functions performed by the members of the Board in relation to the activities of the Board and pursuant to the specific power conferred upon the Board by the MOI of the Company, members of the Board may be paid such remuneration in respect of their appointment as shall be determined by the Board.

5.2. The Chairman shall, in addition to his or her remuneration as member of the Board, receive a further sum for acting as chairman, as determined by the Board.

## **6. EVALUATION**

The effectiveness of the Board, collectively and the directors in their individual capacities as members of the Board, shall be evaluated every year and a report on the results thereof submitted to the Board. The Chairman shall be evaluated separately in his capacity as chairman of the Board. The Board shall annually evaluate the performance of the company secretary.

## **7. APPROVAL AND REVIEW OF THESE TERMS OF REFERENCE**

These terms of reference will be reviewed annually and approved by the Board.