

**CARTRACK HOLDINGS LIMITED**

**TERMS OF REFERENCE OF THE SOCIAL AND ETHICS COMMITTEE**

**REVIEWED 6 MARCH 2018**

## 1. **CONSTITUTION**

- 1.1. The Social and Ethics Committee (the "**Committee**") is constituted in terms of section 72(4) of the Companies Act, No.71 of 2008 (the "**Companies Act**") read with Regulation 43 of the Companies Regulations, 2011 (the "**Regulations**") and as a committee of the board of directors (the "**Board**") of Cartrack Holdings Limited (the "**Company**") in respect of all other duties assigned to it by the Board as set out in these terms of reference.
- 1.2. These terms of reference are subject to the provisions of the Companies Act, the company's Memorandum of Incorporation ("**MOI**") and any other applicable law or regulatory provision.
- 1.3. The Committee shall perform the functions listed below and perform, on behalf of all subsidiaries of the Company that are required in terms of the Companies Act to have social and ethics committees, the functions listed in Regulation 43. The Company and all of its subsidiaries are hereinafter collectively referred to as the "**Group**".
- 1.4. The Committee should mainly make recommendations to the Board for its approval or final decision and should not assume management responsibilities. The Committee does not provide relief to Board members for their individual and collective fiduciary duties and responsibilities and they must continue to exercise due care and judgement in accordance with their obligations toward the Company.

## 2. **PURPOSE AND ROLE**

- 2.1. The purpose of these terms of reference is to set out the Committee's roles and responsibilities, as well as the requirements for its membership and meeting procedures.
- 2.2. The role of this Committee is an independent one with accountability to the Board and to the Company's shareholders. Its role is to assist the Board with the oversight of social and ethical matters relating to the Company. The Committee cannot assume the function of management which remains the responsibility of the executive directors, officers and senior management.

3. **AUTHORITY**

- 3.1. 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.
- 3.2. The Committee has reasonable access to the Group's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 3.3. The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee to perform certain tasks on its behalf but the Committee remains accountable for same.
- 3.4. The Committee 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.
- 3.5. The Committee has decision-making authority in respect of its statutory duties and is accountable in this respect to both the Board and the Company's shareholders. The Committee makes recommendations to the Board in respect of all responsibilities delegated to it by the Board which fall outside of its statutory duties.

4. **MEMBERSHIP**

- 4.1. The Committee shall consist of not less than three members nominated and elected annually by the Board, at least one of whom shall be an independent non-executive director.
- 4.2. The Board shall elect the chairman of the Committee (the "**Chairman**") from amongst the members of this Committee and shall determine the period for which he/she shall hold office as such.
- 4.3. The Board has the authority to remove and appoint any member of the Committee. In the case of death, resignation, disqualification, removal or any other case, the Board may fill the vacancy occurring in the Committee.

4.4. The members of this Committee must as a whole have sufficient qualifications and experience to adequately fulfil their duties.

4.5. The company secretary of the Company shall be the secretary of the Committee.

## 5. **RESPONSIBILITIES**

The Committee performs all the functions as are necessary to fulfil its role as stated above and including, *inter alia*, monitoring the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, in respect of:

### **Social**

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

5.1.1. the 10 principles set out in the United Global Compact Principles;

5.1.2. the Organisation for Economic Cooperation and Development ("**OECD**") recommendations regarding corruption;

5.1.3. the Employment Equity Act; and

5.1.4. the Broad-Based Black Economic Empowerment Act,

5.2. endorsing the Company's Corporate Social Investment initiatives, including sponsorships and donations, and annually reviewing same;

### **Ethics**

5.3. good corporate citizenship, including the Company's:

5.3.1. promotion of equality, prevention of unfair discrimination, and reduction of corruption, including transformation policies and strategies, and social responsibility policies and strategies;

- 5.3.2. contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
- 5.3.3. record of sponsorship, donations and charitable giving,
- 5.4. the environment, health and public safety, including the impact of the Company's activities and of its products or services;
- 5.5. consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws;
- 5.6. labour and employment, including:
  - 5.6.1. the Company's standing in terms of the International Labour Organisation Declaration on Fundamental Principles and Rights at Work; and
  - 5.6.2. the Company's employment relationships, and its contribution towards the educational development of its employees, and
- 5.7. ensuring that the Company's ethics is managed effectively (as recommended in principle 1.3 of the King III):
  - 5.7.1. leadership demonstrating support for ethics throughout the Company;
  - 5.7.2. a strategy for managing ethics that is informed by the negative and positive risks the Company faces;
  - 5.7.3. ethical standards are articulated in a code of ethics and supporting ethics policies;
  - 5.7.4. structures, systems and processes are in place to ensure that the various boards, employee and supply chains are familiar with and adhere to the Company's ethical standards;
  - 5.7.5. ethics performance is included in the scope of internal audit and reported on in the Company's integrated annual report;

- 5.7.6. ethics is embedded in the corporate culture;
- 5.7.7. drawing matters within its mandate and terms of reference to the attention of the Board as occasion requires; and
- 5.7.8. reporting, through the Chairman, to the shareholders at the Company's annual general meeting on any part of the business of the meeting that concerns the Committee's functions.

and will include consideration of similar functions and responsibilities for subsidiaries in jurisdictions outside of South Africa, to the extent required.

## 6. **MEETINGS AND PROCEEDINGS**

- 6.1. The Chairman has the right to exclude any items to be discussed while attendees are present where a conflict of interest becomes evident.
- 6.2. Special meetings may be called by any member of the Committee (including at the request of the external or internal auditors or legal advisors) or at the instance of the Board where such further meeting is considered necessary.

### **Frequency**

- 6.3. Meetings of the Committee will be held as frequently as the Committee considers appropriate but the Committee must hold sufficient meetings to discharge all its duties and shall hold at least 2 meetings per year.
- 6.4. The chief executive officer of the Company or the Board may request a Committee meeting.
- 6.5. Reasonable notice (confirming the venue, time and date) of Committee meetings must be given to the Committee members 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 Committee members at least three days before each meeting and members should ensure that they are adequately prepared for the matters to be discussed.

## **Attendance**

- 6.6. The Committee may invite the chief executive officer of the Company, members of senior management, professional advisers, Board members and any other person whom the Committee believes is necessary to attend its meetings; however, such invitees shall have no voting rights whatsoever at such Committee meetings.
- 6.7. Committee members must attend all scheduled meetings including ad hoc Committee meetings unless prior apology with reasons has been submitted to the Chairperson or the company secretary. If the Chairperson is unavailable to chair the relevant Committee meeting then the other Committee members may elect one of the members present to act as chairperson of such meeting. The company secretary of the Company, as the secretary of this Committee, and shall keep appropriate records of all Committee meetings as well as minutes of proceedings and all decisions taken at Committee meetings unless he or she is unavailable, in which case the Committee may appoint another person whom the the Committee considers appropriate to perform such function.

## **Annual Plan and Minutes**

- 6.8. The Committee 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.
- 6.9. Minutes of the meeting should be completed as soon as is reasonably possible after the relevant meeting and circulated to the Committee members in good time for members to review and must be formally approved at each following meeting.
- 6.10. Once approved, these minutes should be distributed to all the members of the Board for information purposes.

## **Quorum**

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

## **Meetings via Electronic Communication**

Committee meetings may be conducted entirely by Electronic Communication (as defined in the Companies Act) and Committee members may participate in Committee meetings by Electronic Communication (as defined in the Companies Act) so long as the Electronic Communication (as defined in the Companies Act) employed ordinarily enables all Committee 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 Committee may be taken by way of a round robin resolution. A round robin resolution shall have been adopted if supported by a majority of the Committee members (and if adopted it shall have the same effect as if it had been approved by voting at a Committee meeting), provided that the relevant round robin resolution (and all supporting documentation in relation thereto) was submitted to all Committee members for consideration.

## **7. REMUNERATION**

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

7.2. The Chairman shall, in addition to his or her remuneration as member, receive a further sum as determined by the Board.

7.3. Such remuneration in terms hereof shall be in addition to the annual fees payable to directors in their capacities as directors.

8. **EVALUATION**

The effectiveness of the Committee shall be evaluated by the Remuneration and Nominations Committee every year and a report on the results thereof submitted to the Board.

9. **APPROVAL AND REVIEW OF THESE TERMS OF REFERENCE**

These terms of reference will be reviewed annually to ensure compliance with the latest corporate governance best practice and approved either: (a) by the Board; or (b) the Chairman and the chairman of the Board.