

USPLUS LIMITED
(Reg No 2014/048709/07)

(“UsPlus”/ “the Company” / “the Group”)

BOARD CHARTER

1. Introduction

- 1.1. The board of directors of UsPlus (“the Board”) acknowledges the need for a board charter as recommended in the King IV Report on Corporate Governance for South Africa, 2016, (King IV).
- 1.2. The Board fully subscribes to the principles of good corporate governance and regards these as fundamentally important to the business success and sustainability of the Company.
- 1.3. The Board has therefore approved this board charter (“Charter”), the provisions of which will at all times be subject to the Companies Act No.71 of 2008 (“the Companies Act”), the memorandum of incorporation of the Company and any other applicable law or regulatory provision. Unless inconsistent with the content, an expression which denotes any one gender includes the other genders.

2. Purpose of the Board Charter

The purpose of the charter is to:

- 2.1. Regulate the parameters within which the Board will operate and ensure the application of the principles of good corporate governance in all dealings by, in respect and on behalf of, the Company and furthermore to set out the roles and responsibilities of the Board, the individual directors, and the officials and executives of the Company.
- 2.2. Provide an overview of the policies and practices of the Board in respect of matters such as corporate governance, dealing in the Company’s securities by the directors, declarations of conflicts of interests, Board meeting documentation and procedures, composition of the Board and the nomination, appointment, induction, training and evaluation of directors and members of Board committees.

3. Composition of the Board

- 3.1. The Board subscribes to a unitary board structure with a balance of executive and non-executive directors.
- 3.2. Notwithstanding above there will, at all times, be a majority of non- executive directors, it is the Board’s aspiration that the majority of the non-executive directors must be independent as defined in King IV.

- 3.3. The Chair of the Board (“Board Chair”) should be an independent non-executive director and is elected on an annual basis. In the event that the Board Chair is not an independent non-executive director, the Company shall appoint a lead independent director and he/she will be elected annually.
- 3.4. The Board Chair, together with the Board, will consider the number of outside chairmanships held and the Board will ensure a proper succession plan for the position of Board Chair.
- 3.5. There should be a clear division of responsibilities between the executive responsibility for the running of the Company’s business and the leadership of the Board, such that no one individual has unfettered powers of decision-making.
- 3.6. The Board will, on an annual basis, consider its size, diversity, demographics and skills requirements as part of the assessment of the Board and directors’ performance.
- 3.7. At least one third of the non-executive directors will retire by rotation on an annual basis.
- 3.8. The independence of all independent non-executive directors will be assessed on an annual basis with a specific focus on the independence of independent non-executive directors who have served for more than 9 years and the outcome of such assessments will be reported on in the integrated report.

4. Role and Responsibilities of the Board

- 4.1. As its primary function, the Board is responsible to determine the Company’s strategic direction and to exercise prudent control over the Company and its affairs. In managing or directing the affairs of the Company, the Board has authority to exercise all of the powers and perform any of the functions of the Company except to the extent that the Companies Act or memorandum of incorporation provide otherwise.
- 4.2. The Board and the individual directors will at all times act in the best interest of the Company and adhere to all relevant legal standards of conduct.
- 4.3. In fulfilling its function, the Board will at all times:
 - 4.3.1. provide effective leadership based on an ethical foundation;
 - 4.3.2. act as ultimate custodian of the Company’s system of corporate governance by managing its relationship with management, shareholders and other stakeholders based on sound corporate governance principles;
 - 4.3.3. appreciate that strategy risk, performance and sustainability are inseparable and give effect to this by:
 - contributing to and approving the strategy of the Company as presented by management;
 - satisfying itself that all material risks in the strategy and business plans have been duly considered and addressed by management;
 - being satisfied that the strategy will result in sustainable outcomes for the Company, taking account of the concept of “people, planet and profit”;

- identifying the key performance and risk areas in the business; and
 - considering sustainability as a business opportunity that guides the formulation of strategy;
- 4.3.4. ensure 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 may have on the environment and societies within which it operates;
 - 4.3.5. ensure that the Company has a code of ethics and related ethics policies, based on its values as approved by the Board, and that the ethical performance of the Company and its representatives is pro-actively and effectively managed and reported on;
 - 4.3.6. ensure that the Company has an independent and effective Audit Committee;
 - 4.3.7. be responsible for the pro-active and effective management of risk in the Company;
 - 4.3.8. ensure that the Company complies with all applicable laws and considers adherence to non-binding rules and standards; ensure that there is an effective risk-based internal audit function;
 - 4.3.9. be responsible for the pro-active and effective governance of information and technology by setting the direction for how technology and information should be approached and addressed in the Company;
 - 4.3.10. should approve policy that articulates and gives effect to its set direction on the employment of technology and information.
 - 4.3.11. ensure proper management of the relationship between the Company and all its stakeholders so as to protect and, where possible, enhance the reputation of the company;
 - 4.3.12. satisfy itself that the Company has a sound communication policy and that it communicates regularly, openly and promptly with its shareholders and all relevant stakeholders, with substance prevailing over form.
 - 4.3.13. ensure the integrity of the Company's annual report;
 - 4.3.14. monitor the performance of the Company against agreed objectives and review the performance of executive management against defined objectives and other applicable performance standards;
 - 4.3.15. continuously monitor the solvency and liquidity of the Company;
 - 4.3.16. ensure implementation of the gender diversity policy for Board members;
 - 4.3.17. appoint the Company's external auditors on the recommendation of the Audit and Risk Committee;
 - 4.3.18. appoint, formulate and review mandates to committees;

- 4.3.19. prepare, review and update the mandates of the Board Chair and the chief executive officer (“CEO”); and
- 4.3.20. ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.
- 4.4. The Board will be responsible to appoint the CEO and chief financial officer (“CFO”) and ensure a proper process of performance management and succession planning in respect of these positions.
- 4.5. The Board will be responsible to appoint Board members, and make decisions about remuneration and succession plans.
- 4.6. The Board will implement a formal delegation of authority framework which will be reviewed on an annual basis.
- 4.7. The Board will implement a formal governance framework in respect of subsidiary companies and other related entities in the Group.
- 4.8. Ensure that the Group governance framework recognizes each subsidiary within the Group as a separate and independent juristic person to whom the directors owe fiduciary duties.
- 4.9. The Board will adopt remuneration policies that are fair, responsible and aligned with the strategy of the Company while linked to individual performance. A remuneration report will be included in the integrated report and the remuneration philosophy will be submitted to shareholders annually for a non-binding, advisory vote.

5. The Board Chair

The Board Chair has the following responsibilities:

- 5.1. Setting the ethical tone for the Board and the Company.
- 5.2. Provide overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of Board members.
- 5.3. Oversee the formal succession plan for the Board, CEO and certain executive management appointments such as the CFO.
- 5.4. Identify and participate in selecting Board members through the Nominations Committee.
- 5.5. Maintain regular contact with the CEO in respect of all material matters affecting the Company and to consult with the other Board members promptly when considered necessary.
- 5.6. Act as a liaison between the Board and management.
- 5.7. Formulate in consultation with the CEO and company secretary the yearly workplan for the Board, and play an active part in setting the agenda for Board meetings.

- 5.8. Ensure proper flow of information to the Board, reviewing the adequacy and timing of documentary materials in support of management's proposals.
- 5.9. Monitor how the Board works together and how the individual directors perform and interact at meetings.
- 5.10. Ensure that a formal performance evaluation of the Board, Board committees and individual directors is conducted at least every two years and that every alternate year, an opportunity is provided for reflection and discussion by the Board of its performance and that of its committees, its chair and its members as a whole.
- 5.11. Ensure that all directors are made aware of their responsibilities through a tailored induction programme and ensuring that a formal programme of continual professional development is adopted at Board level.
- 5.12. Ensure that good relations are maintained with the Company's major shareholders and major stakeholders, and to preside over shareholders meetings.
- 5.13. The Board Chair:
 - 5.13.1. should not be a member of the Audit Committee; and
 - 5.13.2. may be a member of the Social and Ethics Committee;

The lead Independent Director or alternatively the chair of the Audit and Risk Committee should lead an evaluation of the Board Chair performance against formal set criteria developed from his/her role and functions.

6. Lead Independent Director

The Board should appoint an independent non-executive member as the lead independent to fulfil the following functions:

- 6.1. Preside at all meetings of the Board at which the Board Chair is not present or where he or she is conflicted, including any in-committee meetings of non-executive directors;
- 6.2. Chair discussions and decision making by the Board on matters where the Board Chair has a conflict of interest;
- 6.3. Act as the main liaison between the independent directors and the Board Chair where necessary;
- 6.4. Deal with shareholder's concerns where contact through normal channels has failed to resolve concerns, or where such contact is inappropriate;
- 6.5. Act as a sounding board for the Board Chair; and
- 6.6. Perform other duties that the Board may from time to time delegate.

7. Chief Executive Officer

The CEO is the highest executive decision-making authority of the Company and is responsible for the development and successful implementation and execution of the approved strategy and the overall management and performance of the Company within the framework of the delegated authorities and policies of the Company.

The CEO is accountable to the Board for, amongst other things:

- 7.1. Setting the tone in providing ethical leadership and maintaining a positive and ethical work climate that is conducive to attracting, retaining and motivating top-quality employees;
- 7.2. Acting as the chief spokesperson of the Company;
- 7.3. Developing and recommending to the Board the long-term strategy and vision of the Company and its quantified expression by way of critical short-term and long-term performance targets;
- 7.4. Monitoring the performance of the Company against agreed performance benchmarks and report appropriately to the Board about such performance;
- 7.5. Ensuring that effective internal Company and Group controls, legal compliance and governance measures are established;
- 7.6. Overseeing the formulation, approval and implementation of the annual budget for the Company;
- 7.7. Ensuring that the Company has an effective management team and management structures;
- 7.8. Ensuring, in consultation with the Board, that there is an effective succession plan for the CEO and other senior executive positions;
- 7.9. Ensuring adherence to the relevant industry best practices standards;
- 7.10. Ensuring that appropriate Company policies are formulated and implemented;
- 7.11. Agreeing and recommending for approval to the Board matters specified in the Company's Limits ("levels of authority") and delegation of authority policy which, amongst others, relate to:
 - 7.11.1. Capital expenditure;
 - 7.11.2. Investments;
 - 7.11.3. Operating expenses;
 - 7.11.4. Agreements;
 - 7.11.5. Finance; and

7.11.6. Products.

7.12. The CEO:

7.12.1. Is appointed by the Board. The duration, terms of appointment and compensation are determined by the Board.

7.12.2. Should not be a member of:

- the Social and Ethics Committee; and
- the Audit and Risk Committee.

However, he should attend any meeting, or part thereof, if needed to contribute pertinent insights and information. The CEO should recuse himself when conflicts arise, particularly when his/her performance and remuneration are discussed.

8. Responsibilities of Individual Directors

8.1. In fulfilling his/her responsibilities to the Company, a director will at all times:

8.1.1. act in the best interest of the Company, in good faith and with integrity and adhere to all relevant legal standards of conduct;

8.1.2. conduct him/herself in a professional manner; avoid any conflict of interest between his/her personal affairs and that of the Company or, where unavoidable, disclose any such conflict or potential conflict;

8.1.3. disclose any information that he/she may be aware of that is material to the Company and which the Board is not aware of, unless such director is bound by ethical or contractual obligations of non-disclosure;

8.1.4. only use his/her powers for the purposes for which they were conferred upon him/her and not to gain an advantage for him/herself or a third party or to harm the Company in any way;

8.1.5. only act within his/her powers as formally delegated by the Board;

8.1.6. keep all information learned in his/her capacity as a director strictly confidential;

8.1.7. use his/her best endeavors to attend Board and relevant Board committee meetings and devote appropriate preparation time ahead of each meeting to ensure that he/she is in a position to contribute to Board and committee discussions and to make informed decisions on matters placed before the Board or Board committee;

8.1.8. exhibit the degree of skill and care as may be reasonably expected from a person of his/her skill and experience, but also exercise both the care and skill any reasonable person would be expected to show in looking after their own affairs; and

8.1.9. actively participate in and contribute to Board deliberations in a constructive and frank manner under the leadership and guidance of the Board Chair.

- 8.2. Individual directors will be expected to participate in the Company's induction programme on appointment and attend such professional development programmes as deemed necessary by the Board Chair based on the outcome of the annual assessment of the director's performance.
- 8.3. Directors who are not able to attend any meetings of the Board will submit a formal apology, with reasons, to the Board Chair or company secretary.
- 8.4. The directors are entitled to have access, at reasonable times, to all relevant Company information and to management. Such access shall be arranged through the Board Chair or the CEO.
- 8.5. The directors may at any time request a meeting with the Board Chair and will individually meet with the Board Chair to discuss any Board and committee matters.

9. Development of Directors

- 9.1. A formal induction programme will be in place for new directors who will also be provided with a letter of appointment.
- 9.2. Inexperienced directors will be assisted, with the guidance of the Board Chair, to participate in mentoring programmes where available.
- 9.3. The need for continuing professional development programmes will be identified as part of the annual assessment of the performance of the directors.
- 9.4. Directors will be provided with regular briefings on changes in risks, laws and the environment but will also be expected to keep abreast of developments in the business environment and markets that may have a material impact on the business.

10. Board Committees

- 10.1. The Board will delegate certain of its functions to well-structured committees but without abdicating its own responsibilities.
- 10.2. Each Board committee as established by the Board will have formal terms of reference to be approved by the Board and annually reviewed.
- 10.3. The committees will be appropriately constituted with due regard to the skills required by each committee.
- 10.4. The committees will be chaired by a non-executive director and the majority of committee members will be non-executive directors unless otherwise regulated in the terms of reference of the committee.
- 10.5. The Board notes reports from and/or minutes of the meetings of each committee of the Board.
- 10.6. The Board monitors the activities of committees and individuals with delegated authority.

10.7. As a minimum, the Board will establish an Audit and Risk Committee, and a Social and Ethics Committee.

11. Company Secretary

11.1. The Board will appoint and remove the company secretary and empower the company secretary to enable him/her to properly fulfil his/her duties.

11.2. The Board will ensure that the company secretary has the requisite knowledge, skills and experience to fulfil the function of company secretary.

11.3. The company secretary will not be a director of the company.

11.4. The company secretary will, in addition to his/her statutory duties, fulfil the duties of a company secretary as contemplated in King IV.

11.5. The Board will implement such procedures as are required to ensure the independence of the company secretary.

12. Meeting Procedure

12.1. The Board will hold sufficient scheduled meetings to discharge all its duties but subject to a minimum of four meetings per year. The Board meets quarterly and at such additional *ad hoc* times as may be required.

12.2. Any Board member may, in consultation with the Board Chair, request additional Board meetings to be held as and when deemed appropriate.

12.3. The company secretary will be required to facilitate the process of setting the agenda for each meeting as agreed with the Board Chair and CEO. Every director will be entitled, in consultation with the Board Chair, to add any item to the agenda for a Board meeting.

12.4. Reasonable notice in writing shall be given to all directors in respect of all Board meetings and processes.

12.5. The detailed agenda together with supporting documentation will be circulated prior to the meeting within a reasonable time so as to enable the directors to be properly prepared for the meeting.

12.6. The quorum necessary for the transaction of business shall be a majority of directors unless otherwise provided for in the Company's memorandum of incorporation.

12.7. From time to time, the non-executive directors of the Board shall meet without any members of the executive management team being present, for the purposes of evaluating the information received from executive management about the Company and to determine whether it is reliable and of the appropriate standard.

12.8. Members of senior management and service providers may be invited by the Board Chair to attend meetings of the Board but will not be entitled to vote or be counted for quorum purposes.

- 12.9. In the absence of the Board Chair at a meeting, the Board will elect one of the directors present to act as chair for purposes of the meeting.
- 12.10. The Board's discussions shall at all times be open and constructive. The Board Chair shall seek a consensus in the Board but may, where considered necessary, call for a vote in whatever manner the Board Chair, in his/her sole discretion, deems appropriate.
- 12.11. The minutes of a meeting must be completed as soon as reasonably possible after the meeting and circulated to the Board Chair and directors for review. The minutes will be formally approved by the Board at its next scheduled meeting.
- 12.12. The Board will establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- 12.13. Board meetings may be conducted *via* telephone or video conference facilities provided that all concerned can actively participate in the meeting. Directors participating *via* these facilities will be counted for quorum purposes.
- 12.14. The Board will limit the use of written resolutions (round robin resolutions) to instances where the resolution is a mere formality or where the matter requiring decision by written resolution is of such an urgent nature that it cannot be deferred until the next Board meeting. The Board Chair, in consultation with the CEO, should consider in respect of each written resolution whether an urgent *ad-hoc* meeting would be a more appropriate decision-making procedure than a written resolution. Decisions taken by written resolution other than at a meeting are valid decisions of the Board if signed by a majority of directors.
- 12.15. All meeting papers and submissions made at the Board meeting are strictly confidential and directors must under no circumstances circulate them to any other parties. All hard copies of meeting papers and Board submissions must be handed over to the company secretary at the conclusion of the meeting.
- 12.16. Directors may arrange with the company secretary to obtain access to records of documentation and minutes if required by them in the course of discharging their duties as directors of the Company.

13. Board Procedures and Policies

The Board will be entitled to adopt and approve such procedures and policies as it may deem necessary to ensure proper governance in the management of its affairs. As a minimum, the Board will adopt policies and procedures in respect of the following:

13.1. Independent professional advice

The Board shall approve a procedure in terms of which any director may take independent professional advice, at the expense of the Company, where there is doubt as to whether a proposed course of action is consistent with his/her statutory and/or fiduciary duties and responsibilities.

13.2. Code of Ethics and Conflicts of interest

The Board shall adopt a formal Code of Conduct and Conflicts of Interest Policy in terms of which conflicts are defined and appropriate procedures for dealing with conflicts are prescribed.

In accordance with section 75 of the Companies Act a director who has a personal financial interest in respect of a matter to be considered at a Board meeting, or knows that a related person has a personal financial interest in the matter:

- 13.2.1. must disclose the general nature of the interest before the matter is considered;
- 13.2.2. must disclose all material information known to the director to the meeting;
- 13.2.3. may disclose observations and insights relating to the matter if requested by other directors to do so; and
- 13.2.4. may not be present at the meeting where the matter is discussed, and may not participate in the consideration of the matter.

A director may disclose any personal financial interest in advance by delivering to the company secretary a notice setting out the nature and extent of the financial interest to be used until changed or withdrawn. A director who acquires a direct personal financial interest after an agreement or other matter has been approved by the Company, must promptly disclose the nature and extent of that interest to the Board. The company secretary will submit all disclosures of interest to the Board at the first subsequent meeting. The Board is required to:

- consider all declarations of interest;
- report any conflicts of interest which require specific action by the Board; and
- recommend which directors should be categorized for governance purposes as executive directors, non-executive directors and independent non-executive directors.

13.3. Transfer/disposal of company securities

The Board shall adopt and approve a formal procedure to regulate the trading by directors of the Company, directors of major subsidiaries, and senior management in the Company's securities.

13.4. Dissemination of company information

The Board shall approve a policy in respect of the dissemination of Company information in order to regulate the circulation of price sensitive information and to ensure equal treatment of all shareholders.

14. Board and Director Evaluation

- 14.1. A performance assessment of the Board, Board Chair, individual directors and Board committees will be done biennially.
- 14.2. The following should be disclosed in relation to the evaluation of the performance of the Board in the integrated report:

- 14.2.1. a description of the performance evaluations undertaken during the reporting period including the scope, whether formal or informal, and whether they were externally facilitated or not;
 - 14.2.2. an overview of the evaluation results and remedial actions taken; and
 - 14.2.3. whether the Board is satisfied that the evaluation process is improving its performance and effectiveness.
- 14.3. The nomination for the re-appointment of a director will only occur after the evaluation of the performance and attendance of the director.

15. Directors' Fees (if and when applicable)

- 15.1. Directors' fees will be approved by shareholders on an annual basis on recommendation by the Board.
- 15.2. Full disclosure of all fees paid to directors for their services as directors will be made in the integrated report.
- 15.3. Non-executive directors should, as a general rule, not provide any professional or business services of an ongoing nature to the Company. The Company may, for the purpose of a special assignment, engage the services of a non-executive director (specific field of expertise) but the terms of the engagement must be competitive, clearly recorded and all legal requirements with regards to disclosure must be complied with.

16. Review of Charter

The charter will be reviewed on an annual basis by the Board.