

**SOCIAL, ETHICS AND TRANSFORMATION  
COMMITTEE CHARTER  
TERMS OF REFERENCE**



## 1 Definitions

Unless the context indicates otherwise, the following words or terms of expressions shall have the meanings subscribed to them hereunder:

- |      |                                |  |
|------|--------------------------------|--|
| 1.1  | <b>“Board”</b>                 | means the Board of Directors of the Company;   |
| 1.2  | <b>“Chairman”</b>              | means the chairman of the Social, Ethics and Transformation Committee appointed by the Board;  |
| 1.3  | <b>“Committee”</b>             | means the Social, Ethics and Transformation Committee of the Company;  |
| 1.4  | <b>“Companies Act”</b>         | means the Companies Act No 71 of 2008, as amended from time to time;   |
| 1.5  | <b>“Company”</b>               | means Metrofile Holdings Limited, Registration Number 1983/012697/06), including its subsidiaries;   |
| 1.6  | <b>“Directors”</b>             | means Directors of the Company;  |
| 1.7  | <b>“External stakeholders”</b> | Include trade unions, civil society organisations, Government and regulatory bodies, clients, competitors, suppliers and community.  |
| 1.8  | <b>“Internal stakeholders”</b> | Directly affiliated with the Company and include its Board of Directors, management, employees, and shareholders.  |
| 1.9  | <b>“King IV™”</b>              | means the King Report on Governance for South Africa 2016;   |
| 1.10 | <b>“Members”</b>               | means the initial persons appointed as members of the Committee as well as any persons succeeding them in terms of these Terms of Reference;   |
| 1.11 | <b>“MOI”</b>                   | means Memorandum of Incorporation of the Company;  |
| 1.12 | <b>“Prescribed Officers”</b>   | means prescribed officers of the Company as so determined by the Board of the Company;   |
| 1.13 | <b>“Regulations”</b>           | means the Regulations published under GN R351 in GG 34239 of 26 April 2011 in terms of the Companies Act, as amended from time to time.  |
| 1.14 | <b>“Stakeholders”</b>          | Those groups of individuals that can reasonably be expected to be significantly affected by the Company’s business activities or outcomes, or whose actions can reasonably be expected to significantly affect the ability of the Company to create value over time. |

## 2 Authority and formation

- 2.1 The Committee is established as a Committee of the Board to advise the Board in regard to:
- 2.1.1 ethical behaviour and leadership;
  - 2.1.2 organisational ethics,

- 2.1.3 the ethical relationship between the Company, its subsidiaries/divisions and society,
  - 2.1.4 address the key ethical risks of the Company;
  - 2.1.5 responsible corporate citizenship,
  - 2.1.6 effective transformation,
  - 2.1.7 suitable development;
  - 2.1.8 stakeholder relationships; and
  - 2.1.9 all regulatory developments.
- 2.2 The Committee will manage the Company's legal and moral obligations for its economic, social, and natural environment, including the objectives and standards of the Company's conduct and activities. The Committee will put into place a programme of action to ensure positive measures are taken at redressing the discrimination and disadvantage that has denied persons and/or groups equality of opportunity.
- 2.3 Neither the appointment nor the duties of the Committee reduce the functions and duties of the Board or the Directors of the Company.

### **3 Composition**

The Committee has been appointed by the Board as a sub-committee of the Board to monitor the Company's activities in respect of the matters described more fully below.

### **4 Membership**

- 4.1 The Committee shall be constituted to ensure its independence and objectivity.
- 4.2 The members of the Committee shall be appointed by the Board and shall comply with the following membership composition guidelines:
  - 4.2.1 The Companies Act dictates the Committee shall comprise of at least three members; and
  - 4.2.2 King IV dictates the Committee shall comprise of executive and non-executive members with the majority being non-executive members of the Company.
- 4.3 The Board shall appoint the Committee Chairman and determine the period for which he/she shall hold office.
- 4.4 Neither the appointment nor the duties of the Committee reduce the functions and duties of the Board or the Directors of the Company.
- 4.5 The members of the Committee must have sufficient qualifications and experience to fulfil their duties.
- 4.6 The Company Secretary will be the secretary of the Committee.
- 4.7 The constitution of the Committee and its chairmanship will be subject to annual review by the Board.
- 4.8 Members of the Committee shall be appointed for such period as the Board determines.
- 4.9 The Board may terminate membership of any person serving on the Committee on recommendation of the Committee.
- 4.10 A vacancy which occurs at any time, must be filled by the Board from among the other qualified directors of the Company.
- 4.11 The HR Director, shall attend by invitation.

## 5 Functions and duties

- 5.1 The Committee will manage and monitor the Company's activities to achieve and maintain world-class standards in the Company's transformation, social and ethics environment, with due regard to all relevant legislation, policies, legal requirements, and codes of best practice to meet its statutory requirements (refer to Appendix A).
- 5.2 The Committee shall govern, monitor, implement, and execute the Company's activities, specifically with regard to matters relating to establishing an ethical culture, human rights, equality, prevent corruption, health, public safety, consumer, and labour relations as well as empowerment and stakeholder relationships.
- 5.3 The Committee shall assume responsibility for the governance of ethics in setting the direction of how ethics shall be approached and addressed by the Company;
- 5.4 The Committee shall address key ethical risks of the Company;
- 5.5 The Committee shall assess, measure, review and recommend to the Board the Company's ethical and effective leadership and its commitment to transformation, social and economic development; inclusive of the Codes of Conduct, and including but not limited to:
  - 5.5.1 the use of the 10 principles set out in the United Nations Global Compact Principles (Annexure B), as a guideline;
  - 5.5.2 the Broad-Based Black Economic Empowerment Act (including compliance with the Department of Trade and Industry's codes of good practice), as well as the Employment Equity Act, Skills Development Act and the Preferential Procurement Framework Act (No 5 of 2000);
  - 5.5.3 good corporate citizenship, including the Company's:
    - 5.5.3.1 promotion of equality, prevention of unfair discrimination, and reduction of corruption;
    - 5.5.3.2 contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed;
    - 5.5.3.3 record of sponsorship, donations and charitable giving; and
    - 5.5.3.4 no tolerance of fraud or activities related to fraud
  - 5.5.4 the environment, occupational health and public safety, as well as the impact of the company's activities and of its products and services;
  - 5.5.5 consumer relationships (such as advertising and public relations and compliance with consumer protection laws);
  - 5.5.6 black economic empowerment such as equity ownership, preferential procurement, enterprise development, community development; and
  - 5.5.7 labour and employment, including:
    - 5.5.7.1 the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions;
    - 5.5.7.2 human resources development;
    - 5.5.7.3 employment equity;

- 5.5.7.4 skills development; and
  - 5.5.7.5 the Company's employment relationships, and its contribution toward the educational development of its employees.
- 5.6 The Committee and management shall be responsible for implementing, executing, and managing the Code of Conduct and other policies in addition to the needs, interests, and expectations of material Stakeholders of the Company in the best interests of the Company, establishing formal mechanisms of engagement and communication as follows:
  - 5.6.1 the methodologies for identifying individual Stakeholders and stakeholder groupings;
  - 5.6.2 determination of material Stakeholders based on the extent to which they affect, or are affected by, the activities, outputs, and outcomes of the Company;
  - 5.6.3 Management of Stakeholder risk as an integral part of the Company's risk management;
  - 5.6.4 formal mechanisms for engagement and communication with Stakeholders, including the use of dispute resolution mechanisms and associated processes;
  - 5.6.5 measurement of the quality of material stakeholder relationships and appropriate responses to the outcomes;
- 5.7 The familiarisation of employees and other Stakeholders with the Company's ethical standards, shall include:
  - 5.7.1 Publishing the Company's Code of Conduct and other policies on the Company's website;
  - 5.7.2 Including the Code of Conduct and other policies in supplier and employee contracts;
  - 5.7.3 Include the Code of Conduct and other policies in employee induction and training programmes;
- 5.8 The Committee must draw matters within its mandate/remit to the Board's attention as occasion requires.
- 5.9 The Committee must consider all relevant regulatory developments and seek to ensure compliance by the Company (and any associates) with the policies, guidelines and standards applicable to the management of Social, Ethics and Transformation matters.
- 5.10 The Committee will monitor the procurement policies and standards of the Company comply with applicable legislation and regulation, and are appropriate having regard to the Social, Ethical and Transformation standards and objectives of the Company.

## **6 Powers**

The Committee and/or Chairman is entitled to:

- 6.1 request from any director or Prescribed Officer of the Company any information or explanation necessary for the performance of the Committee's functions;
- 6.2 request, through management, from any employee of the Company any information or explanation necessary for the performance of the Committee's functions;
- 6.3 consult or communicate with Internal or External Stakeholders or any other resources to comply with policies, codes of best practices and regulatory requirements on any transformation, social and ethics issues;
- 6.4 attend any general meeting of the shareholder of the Company;
- 6.5 receive all notices of and other communications relating to any shareholder's meeting of the Company;

- 6.6 speak at the annual general meeting or convened shareholder's meeting, as contemplated above, on any part of the business of the meeting that concerns the functions of the Committee; and
- 6.7 be available for any special meeting which may be convened.

## **7 Meetings**

- 7.1 Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee shall meet at least twice each year. Meetings should be organised so that attendance is maximised
- 7.2 The Chairman of the Committee, any member of the Committee or the Chief Executive Officer may call a meeting at any other time.
- 7.3 The Chairman of the Committee may consult members of the Committee and the Chief Executive Officer at any time regarding matters requiring the approval of the Committee by means of a round robin resolution. Any such resolution shall be required to be ratified by the Committee members and approved by the Board.
- 7.4 The Committee may specifically delegate to any of its members and/or the Chief Executive Officer or HR Director authority to conclude any matter requiring the authority of the Committee. The outcome of any such delegation shall be reported to the Committee at its next meeting.
- 7.5 The notice of each meeting of the Committee, confirming the venue, time, date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee not less than five business days prior to the date of the meeting.
- 7.6 The meetings of the Committee may be held in person, by telephone, or other form of long distance conference facility as circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met. Notwithstanding that the members of the Committee are not present together in one place at the time of the meeting, a resolution passed by members constituting a quorum at such meeting shall, provided such resolution is recorded in writing and confirmed at the next meeting of the Committee, be deemed to have been passed at a meeting of the Committee held on the day on which, and at the time at which the meeting was held. The provisions of this Charter relating to proceedings of the Committee apply so far as they are capable of application mutatis mutandis to such meeting.
- 7.7 The quorum for decisions of the Committee shall be three members of the Committee, including two non-executive directors and one Prescribed Officer present throughout the meeting. A decision shall be deemed as passed if a vote on the matter for decision is passed by a minimum of two non-executive directors and one Prescribed Officer present at the Committee.
- 7.8 A decision that could be voted on at a meeting of the Committee may instead be adopted by written consent of a quorum of members, given in person, or by electronic means, provided that each member received notice of the matter to be decided and each member shall have been afforded a reasonable opportunity to express an opinion on the matter to which the resolution relates. A decision made in such round robin manner has the same effect as if it had been approved at a meeting.
- 7.9 Where decisions are required by way of written resolution, a quorum shall constitute two non-executive directors and one Prescribed Officer.
- 7.10 The Chief Executive Officer and any other person identified by the Committee will attend Committee meetings as and when required by the Committee.

7.11 The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agenda of the meetings planned for the year. The annual work plan must ensure proper coverage of the matters referred to in this charter.

7.12 Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters to be discussed.

## **8 Proceedings**

8.1 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the Company's MOI regulating the meetings and proceedings of Directors and Committees.

8.2 Minutes of meetings shall be taken by the Company Secretary. The minutes of the Committee meetings shall be completed within ten working days of such meeting. Minutes of all meetings shall be circulated to all the members of the Committee, and may also, if the Chairman of the Committee so decides, be circulated to other members of the Board. Any Director may, if there is no conflict of interest and with the agreement of the Chairman, obtain copies of the Committee's minutes.

8.3 Minutes of all meetings of the Committee will be submitted to the Board at its next succeeding meeting.

## **9 Reporting and accountability**

As Social, Ethical and Transformation standards are viewed as a business imperative for the Group, they will be integrated into the overall strategic business plan.

9.1 The Chief Executive Officer is primarily accountable for the successful establishment of a Social, Ethics and Transformation programme within Metrofile group;

9.2 The Managing Directors / General Managers of the regions and group businesses are accountable for the successful implementation of Social, Ethics and Transformation in their respective businesses and will be the designated officers responsible for compliance;

9.3 The HR Director and the HR Managers are responsible for developing a policy, effective implementation of programmes, monitoring and evaluation of progress;

9.4 The HR Director will be responsible for a quarterly empowerment report that evaluates progress in all areas outlined above and make such report available to the Committee;

9.5 The Chairman of the Committee will report to the Board on its activities and on any concerns, findings, or recommendations for consideration, review and any necessary decision making; and

9.6 The Chairman of the Committee or, in his absence, another Committee member, will attend the Company's annual general meeting and be available to report on the matters within the Committee's mandate.

## **10 Remuneration**

Members of the Committee will be paid such additional remuneration for their service as members of the Committee as may be determined by the Board and approved by shareholders.

## **11 Self-assessment**

11.1 The Committee shall assess and evaluate it and its members' effectiveness at least every two years and every alternate year, the Board shall schedule an opportunity to consider, reflect and discuss the Committee's performance;

11.2 The Committee Chairman shall assess the performance of individual Committee members and the Board shall evaluate the Committee's Chairman, based on several factors. These include:

- expertise;
- inquiring attitude, objectivity, and independence;
- judgement;
- understanding of the Group's business;
- understanding of and commitment to the Committee's duties and responsibilities;
- willingness to devote the time needed to prepare for and participate in Committee deliberations;
- timely responses; and
- attendance at meetings.

11.3 After completing its assessment and evaluation, the Committee shall review the results with the Board of Directors, so that appropriate action can be taken on any recommendations resulting from the review.

## **12 General**

- 12.1 These terms of reference shall be reviewed annually and amended, subject to the approval of the Board.
- 12.2 The Committee members are obliged to disclose in writing any interests they have within or outside the Company and the Group that may interfere or conflict with the performance of their duties.
- 12.3 All Company related information that becomes known to Directors in the performance of their duties must always be kept confidential.
- 12.4 These terms of reference may be amended as required, subject to the approval of the Board.
- 12.5 The Committee, in carrying out its functions under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 12.6 The Company must pay all the expenses reasonably incurred by the Committee including, any fees of any consultant or specialist engaged by the Committee in the performance of its functions.

## **13 Repeal of previous terms of reference**

- 13.1 These Terms of Reference shall revoke and supersede the current Terms of Reference in its totality from the date of its approval by the Committee.
- 13.2 These Terms of Reference were reviewed and approved by the Committee on 29 November 2017 for recommendation to the Board. The Board approved these Terms of Reference on 13 March 2018.



## Appendix A

### The functions of the Committee in terms of regulation 43(5)(a)-(c) of the Companies Act, 2008

The Committee will:

1. 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:
  - 1.1 social and economic development, including the company's standing in terms of the goals and purposes of:
    - 1.1.1 the 10 principles set out in the United Nations Global Compact Principles (**Appendix B**); and
    - 1.1.2 the OECD recommendations regarding corruption (**Appendix C**);
    - 1.1.3 the Employment Equity Act; and
    - 1.1.4 the Broad-Based Black Economic Empowerment Act;
  - 1.2 good corporate citizenship, including the company's:
    - 1.2.1 promotion of equality, prevention of unfair discrimination, and reduction of corruption;
    - 1.2.2 contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
    - 1.2.3 record of sponsorship, donations and charitable giving;
  - 1.3 the environment, health and public safety, including the impact of the Company's activities and of its products or services;
  - 1.4 consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
  - 1.5 labour and employment, including:
    - 1.5.1 the Company's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
    - 1.5.2 the Company's employment relationships, and its contribution toward the educational development of its employees.
2. Draw matters from within its mandate to the attention of the Board as occasion requires.
3. Report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.

## Appendix B

### The Ten Principles

**Source:** The Ten Principles available at:

<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

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.

## **Appendix C**

### **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.

Also available in French, Albanian, Bosnian/Serb, Romanian/Moldovan, Russian, and Ukrainian.

#### **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.