



## **SOCIAL & ETHICS COMMITTEE**

### **TERMS OF REFERENCE**

#### **1. CONSTITUTION OF THE COMMITTEE**

- 1.1 The Social and Ethics Committee (the Committee) is constituted as a committee of the board of directors of Tongaat Hulett Limited Limited (“the Company”). Pursuant to section 72(4) of the Companies Act of 2008 (“the Act”) read with regulation 43 of the Companies Regulations 2011 (“the Regulations”), a statutory committee, known as the Social & Ethics Committee (“the Committee”), is established as a committee of the Company.
- 1.2 Neither the appointment of, nor the duties of the Committee, reduce the functions and duties of the board of the directors of the Company (“**the Board**”).
- 1.3 These Terms of Reference record the functions and responsibilities of the Committee, its composition and meeting procedures, and must be read with the Act, the Regulations, the Company’s Memorandum of Incorporation, and any applicable law or regulatory provision in force from time to time.

#### **2. FUNCTIONS AND RESPONSIBILITY**

The Committee must fulfil the following functions which are assigned to it in terms of regulation 43(5) of the Regulations in respect of the Company and each of its subsidiaries to which regulation 43 applies, the King IV Code on Corporate Governance and such other related functions as may be assigned to it by the board of directors of the Company: -

- 2.1 Ensure and monitor the culture of ethical leadership through: -
  - 2.1.1 Leadership demonstrating support for ethics throughout the company;
  - 2.1.2 A strategy for managing ethics that is informed by the negative and positive risks that the company faces;
  - 2.1.3 Ethical standards are articulated in a code of ethics and supporting ethics policies;



- 2.1.4 Structures, systems and processes are in place to ensure that the various subsidiary boards, employee and supply chain are familiar with and adhere to the company's ethical standards;
- 2.1.5 Ethics performance is included in the scope of internal audit and reported on in the Company's integrated annual report;
- 2.1.6 Ethics is imbedded in the corporate culture;
- 2.2 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: -
  - 2.2.1 social and economic development, including the Company's standing in terms of the goals and purposes of: -
    - 2.2.1.1 the 10 principles set out in the United Nations Global Compact Principles (which are set out in **Annexure A** hereto and which may be viewed on [www.unglobalcompact.org](http://www.unglobalcompact.org)); and
    - 2.2.1.2 the OECD [Organisation for Economic Co-operation and Development] recommendations regarding corruption (which may be viewed on [www.oecd.org](http://www.oecd.org)); and
    - 2.2.1.3 the Employment Equity Act; and
    - 2.2.1.4 the Broad-Based Black Economic Empowerment Act;
  - 2.2.2 good corporate citizenship, including the Company's: -
    - 2.2.2.1 promotion of equality, prevention of unfair discrimination and reduction of corruption;
    - 2.2.2.2 contribution to development of the communities in which its activities are predominantly conducted, or within which its products or services are predominantly marketed; and
    - 2.2.2.3 record of corporate social investment related sponsorship, donations and charitable giving;
- 2.2.3 the environment, health and public safety, including the impact of the Company's activities and of its products or services;
- 2.2.4 consumer relationships, including the Company's advertising, public relations and compliance with the consumer protection laws; and



- 2.2.5 labour and employment, including: -
  - 2.2.5.1 the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - 2.2.5.2 the Company's employment relationships, and its contribution toward the educational development of its employees;
- 2.3 Sustainability Responsibility, including –
  - 2.3.1 Approve and revise the Sustainability Management Strategy and Framework in relation to sustainability material issues, in line with King IV and other relevant reporting requirements.
  - 2.3.2 Approve the environment targets and monitor the implementation thereof.
  - 2.3.3 Monitor the implementation of policies through the consideration of management reports on material issues envisaged, as well as noting the activities of the Human Resources Committee regarding Human Capital objectives.
  - 2.3.4 Consider and recommend for approval, the reporting for purposes of the transformation of the organisation as per the Department of Trade and Industry Codes of Good Practice on transformation and BBBEE verification.
  - 2.3.5 Consider and recommend for approval to the Audit Committee, the reporting on sustainability issues pertaining to the Integrated Report and the overall comprehensive Sustainability Report. This will be reported on an annual basis.
  - 2.3.6 Advise management of ways and means to improve the effectiveness of its sustainability, social and ethics policies and practices and the setting of targets and timeframes in relation thereto.
  - 2.3.7 Report to the Board on the status of social, ethics and sustainability issues.
  - 2.3.8 Monitor the Company compliance with the requirements set for inclusion in the Company sustainability index, Carbon Disclosure Project (CDP) and various recognised surveys and indexes and make appropriate recommendations if and when required.
  - 2.3.9 Consider substantive national and international regulatory and technical developments in all fields relevant to the company's identified sustainability material issues.



- 2.3.10 Facilitate participation, co-operation and consultation on sustainability matters of governments, national and international organisations, national authorities, other companies and other influencing/relevant bodies.
- 2.3.11 Facilitate and monitor ongoing collaboration between the Risk, Strategy, Stakeholder Management and Sustainability functionalities.
- 2.4 draw matters within its mandate to the attention of the Board as occasion requires; and
- 2.5 report to the shareholders at the Company's annual general meeting on the matters within its mandate.

### 3. **AUTHORITY**

- 3.1 The Committee, represented by its Chairman, is entitled and empowered to require any information or explanation necessary for the performance of its functions from any employee, director or prescribed officer of the Company.
- 3.2 The Committee may delegate authority to any member, or a sub-committee of members, of the Committee to assist it in carrying out any of its functions.
- 3.3 The Committee is authorised, subject to the Company's approval procedures, to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if deemed necessary.
- 3.4 The Company shall meet all expenses reasonably incurred by the Committee in fulfilling its functions, including the costs and fees of any consultant or specialist engaged by the Committee in the performance of its functions.

### 4. **COMPOSITION OF THE COMMITTEE**

- 4.1 The Committee is constituted in terms of the Act, with the powers and authority assigned to it by the Act and the Regulations.
- 4.2 The Committee shall comprise not less than three (3) directors of the Company with a majority of the directors to be non-executive directors who is not involved in the day-to-day management of the Company's business and must not have been so involved within the previous three financial years.



4.3 The Committee may from time to time require other members of senior management with the requisite skills and expertise to attend the meetings of the Committee.

## 5. **CHAIRMAN AND SECRETARY**

5.1 The chairman of the Committee shall be one of its members who is appointed as such by the Board.

5.2 The person appointed to act as the secretary of the Board shall also be the secretary of the Committee and shall be responsible for the preparation of the agenda for the Committee meetings, in consultation with the chairman of the Committee and the Chief Executive Officer of the Company, and the preparation of the minutes of such meetings.

## 6. **MEETINGS**

6.1 The Committee shall meet at least once every year, on a date determined by the chairman of the Committee.

6.2 Meetings in addition to those scheduled may be held at the request of the Chief Executive Officer, or at the instance of the Board.

6.3 Board members shall be entitled to attend meetings of the Committee.

6.4 Members of the Company's management and assurance providers may attend meetings of the Committee with the prior consent, or by invitation, of the chairman of the Committee

6.5 Committee members are expected to attend all scheduled meetings of the Committee, including meetings called on an *ad hoc* basis for special matters, unless prior apology, with reasons, is submitted to the chairman of the Committee.

6.6 A quorum for a meeting of the Committee shall be a majority of its members, present in person at such meeting. Attendance by telecommunication or video conference facility is permissible and will be deemed to constitute physical attendance at a meeting of the Committee.

6.7 If the chairman of the Committee is not present at any meeting, the members present thereat shall elect one of the members present to act as chairman of that meeting.



- 6.8 The chairman of the Committee may meet with the Chief Executive Officer and/or the secretary of the Committee prior to any meeting to discuss important issues and agree on the agenda.

## 7. **WRITTEN RESOLUTIONS**

A written resolution signed by a majority of the members of the Committee at the time when such resolution is released for signature by the secretary of the Committee, shall be as valid and effectual as if it had been passed at a duly constituted meeting of the Committee, provided that each member of the Committee shall have been afforded a period of not less than 48 (forty eight) hours to express an opinion on the matter to which such resolution relates.

## 8. **AGENDA AND MINUTES**

- 8.1 The Committee must establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- 8.2 The annual plan must ensure proper coverage of the functions of the Committee.
- 8.3 The minutes shall be prepared by the secretary of the Committee and circulated to the chairman and the members of the Committee for review.
- 8.4 The minutes must be formally approved by the Committee at the following scheduled meeting.

## 9. **REPORTING**

- 9.1 In respect of its statutory duties, the Committee will be accountable to the shareholders of the Company.
- 9.2 In respect of all other duties as may be assigned to it by the Board from time to time, the Committee will be accountable to the Board.
- 9.3 In accordance with regulation 43(5)(c) of the Regulations, one of the members of the Committee, who shall be nominated by the Committee, must report to the shareholders of the Company at its annual general meeting (if such a meeting is required by law to be held) on matters within the mandate of the Committee.



9.4 The chairman of the Committee shall report at the meetings of the Board on the Committee's activities.

10. **APPROVAL AND REVIEW OF TERMS OF REFERENCE**

These Terms of Reference were approved by the Board on 4 February 2020, and will be reviewed by the Board from time to time.



## ANNEXURE A

The 10 principles set out in the United Nations Global Compact Principles in the areas of human rights, labour, the environment and anti-corruption are the following:-

### Human Rights

Businesses should:

- Principle 1: 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

Businesses should:

- Principle 3: 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

Businesses should:

- Principle 7: 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

Businesses should:

- Principle 10: work against corruption in all its forms, including extortion and bribery.