



## **PREMIER GROUP SOCIAL AND ETHICS COMMITTEE**

### **TERMS OF REFERENCE**

#### **1 Constitution**

- 1.1 The Social and Ethics Committee (**Committee**) is constituted as a statutory committee of Premier Group Limited's (**Company**) Board (Board) in respect of those duties assigned to it in terms of section 72(4) of the Company Act of 2008 (**Act**) (read in conjunction with Regulation 43 of the Companies Regulations, 2011 (**Companies Regulations**)), and as a committee of the Board in respect of all other duties assigned to it by the Board. The Committee performs the role of a Social and Ethics Committee for the Company, as well as those direct and indirect South African subsidiaries in respect of which the Company has the right, or power, to fulfil the functions as detailed in these terms of reference (**Group**).
- 1.2 The Committee shall be a standing committee, with the composition and membership reviewed by the Board annually.
- 1.3 The Committee shall report to shareholders in terms of its statutory responsibilities and to the Board on all other duties assigned to it.
- 1.4 The duties and responsibilities of the members of the Committee as set out in these terms of reference are in addition to those duties and responsibilities they have as members of the Board or prescribed officers of the Company, as the case may be. The deliberations of the Committee do not reduce the individual or collective responsibilities of the Board members with regard to their fiduciary duties and responsibilities, and members must exercise due care, skill and diligence in accordance with their legal obligations.
- 1.5 These Terms of Reference (**TOR**) are subject to the provisions of the Act, the company's memorandum of incorporation and any other applicable law or regulatory provision including, among others, the JSE Listings requirements, and has been drafted with due consideration of the King IV Report on corporate governance for South Africa, 2016 (**King IV**).

## **2 Composition**

- 2.1 The Committee shall be appointed by the Board on the recommendation of the Remuneration and Nomination Committee. The Committee shall comprise not less than three directors and/or prescribed officers of the Company, provided that the majority of these appointees are non-executive directors who are not involved in the day-to-day management of the business, nor have been within the previous three financial years.
- 2.2 If the number of members on the Committee falls below the required minimum, the Board will fill such vacancy as soon as it is reasonably possible. The failure by the Committee to have the minimum number of members does not limit or negate the authority of the Committee or invalidate anything done by the Committee while their number is below the required minimum.
- 2.3 Membership of the Committee shall be for a period of three years, at the expiration of which, members may be re-elected or replaced by the Board. The maximum tenure for Committee members is three terms of three years. New members may be appointed outside the three-year cycle, should a change in the business environment demand it. Similarly, the Board may remove and/or replace members of the Committee by resolution.
- 2.4 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.
- 2.5 A member of the Committee shall, in the event that he/she ceases for whatsoever reason, to be a director of the Company, also resign as a member of the Committee.
- 2.6 To the extent that they are not already appointed members of the Committee, the chief executive officer (CEO), chief financial officer (CFO), other senior executives, members of management and/or professional advisors may attend meetings of the Committee by invitation from the Committee Chair. The invitation to attend Committee meetings may be a standing invitation.
- 2.7 Individuals in attendance at Committee meetings by invitation may participate in discussions but may not vote on resolutions nor form part of the quorum for Committee meetings.
- 2.8 A quorum of the Committee shall be two members. A quorum shall be required in order for any decision or resolution to be made at a meeting or otherwise.
- 2.9 The chairman of the Committee shall be appointed by the Board, from its members, and shall be an independent non-executive director. The chairman of the Board may be appointed as a member of the Committee but shall not be its chair.
- 2.10 In the absence of the chairman, the members present may nominate and elect one of their members to chair the meeting.
- 2.11 The Group Company Secretary shall be the secretary to the Committee.

### **3 Role of the Committee (in addition to its statutory duties)**

- 3.1 The Committee has an independent role with accountability to both the Board and shareholders. Where relevant and required, the Committee will make recommendations to the Board for its consideration and final approval. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers, and other members of senior management.
- 3.2 The role of the Committee is, *inter alia*, to:
- (a) assist the Board with the governance of environmental, social and ethical matters relating to the Group;
  - (b) ensure that the Group's activities support its intent to be a responsible corporate citizen; and
  - (c) assist the Board in setting the tone for an ethical organisational culture, with due regard to value creation in society.
- 3.3 In discharging these roles, the Committee will oversee and report on organisational ethics; the Group's responsible corporate citizenship; sustainable development and stakeholder relationships and will assist the Board to discharge its responsibility with respect to the approval, implementation and monitoring of applicable policies and practices.

### **4 Responsibilities**

The Committee shall operate within the Board's delegation of authority.

Regulation 43(5) of the Companies Regulations assigns specific duties to a social and ethics committee. The Committee is responsible for reporting to shareholders on how it has carried out these duties.

In discharging its responsibilities to the Board and shareholders, the Committee will:

#### **4.1 Social and Ethics**

- (a) perform the role and functions of a Social and Ethics Committee for the Group as contemplated in Section 72(4)(a) of the Companies Act, read together with Regulation 43 of the Regulations made thereunder. Such functions are set out in **Appendix 1** hereto;
- (b) in performing the role of the Social and Ethics Committee as reflected above, the Committee shall be entitled to place reliance on the work and reports of any employee, advisor or committee of the Board that has responsibility for any function falling within the mandate of the Committee;

## **4.2 Organisational Ethics**

- (a) assist the Board in building and sustaining an ethical corporate culture in the Group and ensure that the Company's ethical standards are clearly articulated and integrated into the Company's strategies, operations, and supply chains. This includes incorporating ethics into the selection, promotion and performance management of staff and suppliers;
- (b) review any statements on ethical standards and/or requirements;
- (c) ensure that an ethics risk profile is compiled by management, including setting a strategy for managing these risks, and evaluating the extent to which ethics have become part of corporate culture;
- (d) recommend a code of conduct and business ethics to the Board for approval and ensure that management issues and implements same, including providing reporting mechanisms for the safe reporting of unethical behaviour;
- (e) monitor the ethical conduct of the Company, its executives and senior officials in accordance with the terms and provisions of the code of conduct and business ethics;
- (f) monitor adherence to the Group's ethical standards by employees and other relevant stakeholders through, among others, periodic independent assessments;

## **4.3 Transformation**

- (a) provide guidance on overall transformation processes for the Group in order to achieve transformation targets and/or commitments;
- (b) make recommendations to the Board regarding the Group's gender and race transformation targets and commitments and monitor performance against same;
- (c) review trends and issues of relevance with an impact on transformation practices in the Group;
- (d) ensure that appropriate programmes are in place to drive transformation within the Group, including strategies towards non-discrimination, equal opportunities, and diversity such as training, recruitment, job assignment, promotion, remuneration and benefits;
- (e) review employment equity plans, and reports submitted to the Department of Labour;
- (f) revise the Company's strategy, charter and targets in respect of Broad-Based Black Economic Empowerment (B-BBEE) and make recommendations to the Board for debate and/or approval;
- (g) monitor performance against the approved B-BBEE charter and provide guidance on ways to improve or enhance performance;

- (h) approve the appointment of a B-BBEE verification agency and annually review the report and certificate issued by the verification agency;
- (i) review and approve the B-BBEE compliance report for submission to the B-BBEE Commission and publication on the Company's website in accordance with paragraph 16.21(g) and Appendix 1 to Section 11 of the JSE Listings Requirements and section 13G(2) of the Broad-Based Black Empowerment Amendment Act 46 of 2013;

#### **4.4 Sustainable Development and Sustainability Reporting**

- (a) review and approve sustainable development goals, priorities, and targets for adoption by the Company and monitor progress towards the achievement thereof;
- (b) recommend an ESG Strategy to the Board for approval and ensure that management implements and executes on same;
- (c) ensure participation in accredited sustainability ranking indices as approved by the Committee;
- (d) monitor and analyse international best practice on sustainable development matters;
- (e) understand stakeholder expectations on sustainable development issues;
- (f) consider community outreach and consultation initiatives;
- (g) monitor the implementation of a health and safety management system amongst employees and other stakeholders;
- (h) review the procurement strategy, including the implementation of a sustainability standard within the Group's value chain;
- (i) consider progress in respect of the sustainability reporting process and disclosure controls applicable to ensure the integrity of the sustainability matters included in external reports and applicable regulatory requirements;
- (j) in conjunction with the Audit and Risk Committee, approve the scope of assurance and the engagement of external assurance providers, as appropriate, on material sustainability issues and review assurance obtained regarding the integrity, reliability and validation of the sustainability report;
- (k) review, evaluate and approve the disclosure of sustainability issues in the Integrated Report, informing the Audit and Risk Committee of any material sustainability matters which may have an impact on the financial statements as well as enabling the Audit and Risk Committee to provide assurance to the Board that the disclosure is reliable and does not conflict with the financial information;

#### **4.5 Compliance Governance**

- (a) oversee the development and review of the Group's compliance monitoring plan and/or programme, policy and framework and recommend same to the Board for approval;
- (b) ensure implementation of the compliance framework and methodologies;
- (c) review with management, and any internal or external counsel as the Committee considers appropriate, any non-compliance matters that may have a material impact on the Company and any material reports or inquiries from regulatory or governmental agencies;
- (d) review the Company's procedures for detecting and preventing fraud and bribery and receiving reports on non-compliance;
- (e) assess if adequate and effective processes or controls are in place to ensure regulatory compliance;
- (f) review internal audit's assurance on the effectiveness of compliance management;
- (g) monitor compliance with Regulation 43(5)(a-c) of the Companies Regulations, and/or any other applicable legislation, in accordance with the Group's compliance plan and/or programme and as recommended by the CIPC's Guideline 1 of 2018 (**Guideline for Corporate Compliance Programme**);

#### **4.6 Reporting**

- (a) ensure that the Board is aware of matters within the Committee's mandate which may significantly impact the Group;
- (b) make any submission to the Board on policies, frameworks and reporting;
- (c) prepare and present a report to shareholders at the Company's annual general meeting on how the Committee carried out its duties contained in Regulation 43(5) of the Companies Regulations, the JSE Listings Requirements and King IV; and
- (d) in accordance with paragraph 7.f.5 of the JSE Listings Requirements, confirm in the Integrated Report that the Committee fulfilled its mandate as prescribed in the Companies Regulations and that there are no instances of material non-compliance to disclose. If instances of material non-compliance exist, these must be disclosed.

### **5 Meetings of the Committee**

- 5.1 Committee meetings shall be held bi-annually. The Committee chairman shall report on key matters addressed by the Committee at each Board meeting.

- 5.2 Additional meetings may be held at the request of the chairman, or any member of the Committee or Board as required.
- 5.3 Members and/or invitees of the Committee may participate in and act at any meeting of the Committee through the use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting by the person or persons so participating.
- 5.4 All directors of the Board are entitled to attend the Committee meetings.
- 5.5 The Committee shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- 5.6 Minutes of the Committee meetings shall be distributed timeously. The minutes must be formally approved by the Committee at its next scheduled meeting. Minutes of the meeting, signed by the chair, are sufficient evidence that the matters referred to therein have been fully discussed and agreed, whether by way of formal meeting or otherwise.
- 5.7 At the commencement of each meeting, all members of the Committee shall declare any conflict of interest in respect of matters on the agenda and such declarations shall be managed as deemed necessary.
- 5.8 The chairman of the Committee shall attend the annual general meeting of the company and be prepared to respond to any shareholder questions on the Committee's activities.
- 5.9 Round robin approvals may be obtained where there is a business requirement for a decision which cannot reasonably be held over until the next scheduled Committee meeting. Decisions must be received from at least a majority of the members, being not less than the quorum requirement. This may be achieved by electronic means and will be of full force and effect as if passed by a majority of members personally present. All Committee round robin resolutions shall be tabled at the next Committee meeting for noting.

## **6 Authority of the Committee**

- 6.1 The Committee shall have authority to:
  - (a) access any information it needs to fulfil its responsibilities;
  - (b) seek outside legal or other independent professional advice at the Company's expense; and
  - (c) investigate matters within its mandate.
- 6.2 The Committee shall have the ability to consult with and receive the full cooperation of any employee where necessary to fulfil its responsibilities.

**7 Remuneration of Members**

Members of the Committee shall be paid such remuneration in respect of their appointment as recommended by the Board and approved by shareholders.

**8 Review of Terms of Reference**

The Committee shall review this TOR annually, to ensure that it remains consistent with its statutory duties and the Board's objectives and responsibilities. The TOR may be amended as required, subject to the approval of the Board.

**9 Evaluation of the Committee's performance**

The Committee shall ensure that a formal process, recommended by the Remuneration and Nomination Committee and approved the Board, is followed for evaluating the performance of the Committee, at least every second year.



**The functions of the Committee in terms of Regulation 43(5)(a) - (c) of the Companies Regulations, 2011**

The Committee shall:

1. Monitor the Group'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 (as set out in **Appendix 2**); and
    - 1.1.2 the Organisation of Economic Co-Operation and Development (OECD) recommendations regarding corruption;
    - 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 Organisation 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.

### The Ten Principles

The United Nations Global Compact's Ten Principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from: -

1. the Universal Declaration of Human Rights;
2. the International Labour Organisations Declaration on Fundamental Principles and Rights at work
3. the Rio Declaration on Environment and Development; and
4. the United Nations Convention Against Corruption.

The United Nations 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 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.