

Social and Ethics Committee Terms of Reference

1. INTRODUCTION

- 1.1 The Board of Directors (hereinafter referred to as the "Board") of Etion Limited (hereinafter referred to as "Etion" or as "the Company") has resolved to establish a Committee of the Board to be known as the "Social and Ethics Committee" (hereinafter referred to as "the Committee") to act in the capacity of an Social and Ethics Committee for Etion and all of its subsidiaries in terms of the Companies Act, 71 of 2008 read with Regulation 43 of the Companies Regulations, 2011.
- 1.2 The duties and responsibilities of the members of the Committee as set out in this document are in addition to those as members of the Board.
- 1.3 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgment in accordance with their statutory obligations.
- 1.4 These terms of reference are subject to the provisions of the:
 - 1.4.1 Companies Act and Regulations, 71 of 2008;
 - 1.4.2 Company's Memorandum of Incorporation; and
 - 1.4.3 any other applicable law or regulatory provision, such as, but not limited to:
 - 1.4.3.1 Employment Equity Act;
 - 1.4.3.2 Broad-Based Black Economic Empowerment Act; and
 - 1.4.3.3 The United Global Compact Principles.

2. PURPOSE OF THESE TERMS OF REFERENCE

The purpose of these Terms of Reference is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

3. COMPOSITION

- 3.1 The Committee comprises at least three members, including a minimum of one independent non-executive director.

- 3.2 The Chairperson of the Audit and Risk Committee should be a member of this Committee.
- 3.3 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.
- 3.4 The Committee members are required to keep up-to-date with developments affecting the required skill set.
- 3.5 The Committee is chaired by an Independent Non-Executive Director who is not the Chairperson of the Board.
- 3.6 The Board shall appoint the Chairperson of the Committee.

4. ROLE

The Committee has an independent role, operating as an overseer and a maker of 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, officers and other members of senior management.

The role of the Committee is to assist the Board to ensure that the Company has implemented an effective policy that will enhance the Company's ability to achieve its strategic objectives in line with set criteria for the optimum social and ethical environment.

5. DUTIES AND RESPONSIBILITIES

The Committee must perform all the functions as is necessary to fulfil its role as stated afore including the following:

- 5.1 To 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:
 - 5.1.1 social and economic development, including the Company's standing in terms of the goals and purposes of:
 - i. the 10 principles set out in the United Nations Global Compact Principles;
 - ii. the OECD recommendations regarding corruption;
 - iii. the Employment Equity Act; and
 - iv. the Broad-Based Black Economic Empowerment Act;
 - 5.1.2 good corporate citizenship, including the Company's:
 - i. promotion of equity, prevention of unfair discrimination, and reduction of corruption;
 - ii. contribution to development of the communities in which its activities are predominately conducted or within which its products or services are predominantly marketed; and
 - iii. records of sponsorship, donations and charitable giving.
 - 5.1.3 the environment, health and public safety, including the impact of the Company's activities and of its products or services;
 - 5.1.4 consumer relationships, including the Company's advertising public relations and compliance with consumer protection laws; and
 - 5.1.5 labour and employment, including:
 - i. the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
 - ii. the Company's employment relationships, and its contribution toward the educational development of its employees;
 - 5.1.6 Liaise closely with the Audit & Risk Committee to exchange information relevant to issues pertaining to social, ethical and reputational risk.

- 5.2 To be in line with King III the following functions will also form part of the Committee's roles and responsibilities:
- 5.2.1 the implementation of the ethics management programme in the Company;
 - 5.2.2 monitor the values of the Company;
 - 5.2.3 monitor ethical risks and opportunities; and
 - 5.2.4 monitor the code of conduct.

6. REPORTING RESPONSIBILITIES

The Chairperson of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deem appropriate, on any area within its ambit, where action or improvement is needed.

7. AUTHORITY

- 7.1 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.
- 7.2 The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 7.3 The Committee may form, and delegate authority to other Board sub-committees and may delegate authority to one or more designated members of the Committee.
- 7.4 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at Company's cost, subject to following a Board approved process.
- 7.5 The Committee makes the recommendations to the Board that it deems appropriate on any area within the ambit of its Terms of Reference where action or improvement is required.

8. MEETING PROCEDURES

8.1 FREQUENCY

- 8.1.1 The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these Terms of Reference but subject to a minimum of two meetings per year.
- 8.1.2 Meetings in addition to those scheduled may, with approval of the Chairperson be held at the request of the Chief Executive Officer, Financial Director or other members of senior management or at the instance of the Board.
- 8.1.3 The Chairperson of the Committee may meet with the Chief Executive Officer, Financial Director and/or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

8.2 ATTENDANCE

- 8.2.1 The Financial Director and other members of senior management as may be required, assurance providers and Board members may be in attendance at Committee meetings, but by invitation only and they may not vote.
- 8.2.2 The Company Secretary is the secretary to this Committee.
- 8.2.3 If the nominated Chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairperson.
- 8.2.4 Members may participate via electronic participation.

8.3 AGENDA AND MINUTES

- 8.3.1 The Committee must 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.
- 8.3.2 The annual plan must ensure proper coverage of the matters laid out in these Terms of Reference: more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

- 8.3.3 A detailed agenda, together with supporting documentation, must be circulated, at least seven days prior to each meeting to the members of the Committee and other invitees.
- 8.3.4 Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matter for discussion.
- 8.3.5 The minutes must be completed as soon as possible after the meeting and circulated to the Chairperson and members of the Committee for review thereof.
- 8.3.6 The minutes must be formally approved by the Committee at its next scheduled meeting.

8.4 QUORUM

- 8.4.1 A quorum for meetings is any two members present.
- 8.4.2 A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 8.4.3 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

9 ANNUAL GENERAL MEETING

One of the members of the Committee shall attend the Annual General Meeting of the Company and report on the Committee's activities.

10. EVALUATION

The Board must perform an evaluation of the effectiveness of the Committee every year.

11. APPROVAL OF THESE TERMS OF REFERENCE

The Terms of Reference was approved by the Chairperson of the Board and the Chairperson of the Committee on 20 March 2018.

Signed by the Chairperson of the Board on 20 March 2018 at Centurion.

20 March 2018

DATE



BOARD CHAIRMAN



BOARD COMMITTEE CHAIRPERSON