

## **SA CORPORATE REAL ESTATE LIMITED**

### **SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE**

#### **TERMS OF REFERENCE**

##### **1. PURPOSE AND OBJECTIVES**

- 1.1 The Social, Ethics and Environmental Committee (the Committee) has been appointed by the SA Corporate Real Estate Limited Board of Directors (the Board) as a committee of the Board to provide integrated strategic direction on group-wide social, ethics, and environmental matters for SA Corporate Real Estate Limited (the Company), including acting as the statutory social and ethics committee for Company and its South African subsidiaries (the Group), as contemplated in the Companies Act 71 of 2008 (the Companies Act) read with Regulation 43 of the Companies Regulations, 2011 (Regulation 43).
- 1.2 The purpose of these Terms of Reference is to set out the Committee's mandate as well as the requirements for its composition and meeting procedures.
- 1.3 The Committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.
- 1.4 The primary objective of the Committee is to assist the Board to ensure that the Company and the Group, through effective policy, is able to achieve its strategic objectives whilst remaining a socially responsible corporate citizen and creating a sustainable business, having regard to the Group's social and environmental impact.

##### **2. CONSTITUTION AND MEMBERSHIP**

- 2.1 The Committee shall comprise at least three members, the majority of whom shall be non-executive directors. The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties and are required to keep up-to-date with developments affecting their required skill set.
- 2.2 The Board shall appoint an independent non-executive director as the Chairman of the Committee, who shall not be the Chairman of the Board.
- 2.3 At least one of the Company's executive directors shall be a member of the Committee.
- 2.4 The Group Company Secretary shall be the Committee's secretary.

##### **3. MANDATE**

- 3.1 The Committee must perform all the functions as is necessary to fulfil its objective as stated afore including monitoring and overseeing the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, on matters relating to:

- 3.1.1 social and economic development<sup>1</sup>, including the Group's standing in terms of the goals and purposes of:
  - (a) the 10 principles set out in the United Nations Global Compact Principles;
  - (b) the OECD recommendations regarding corruption;
  - (c) the Employment Equity Act; and
  - (d) the Broad-Based Black Economic Empowerment Act;
- 3.1.2 Good corporate citizenship<sup>2</sup>, including the Group's:
  - (a) promotion of equity, prevention of unfair discrimination, and reduction of corruption;
  - (b) contribution to development of the communities in which its activities are predominately conducted or within which its products or services are predominantly marketed; and
  - (c) records of sponsorship, donations and charitable giving.
- 3.1.3 the environment, health and public safety, including the impact of the Group's activities and of its products or services<sup>3</sup>;
- 3.1.4 consumer relationships, including the Group's advertising public relations and compliance with consumer protection laws<sup>4</sup>; and
- 3.1.5 labour and employment<sup>5</sup>, including:
  - (a) the Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - (b) the Group's employment relationships, and its contribution toward the educational development of its employees;
- 3.2 The Committee should further ensure that the ethics of the Group is managed in a way that supports the establishment of an ethical culture, by overseeing and monitoring<sup>6</sup>:
  - 3.2.1 whether leadership demonstrates support for ethics throughout the organisation;
  - 3.2.2 the execution of a strategy for managing ethics that is informed by the negative and positive ethics risks the company faces;
  - 3.2.3 the articulation of ethical standards and responsible conduct in a code of ethics, code of conduct and supporting policies;
  - 3.2.4 that structures, systems and processes are in place to familiarise the Board, employees and service providers with the organisation's ethics standards and monitoring adherence thereto;

---

<sup>1</sup> Reg 43(5)(a)(i)

<sup>2</sup> Reg 43(5)(a)(ii)

<sup>3</sup> Reg 43(5)(a)(iii)

<sup>4</sup> Reg 43(5)(a)(iv)

<sup>5</sup> Reg 43(5)(a)(v)

<sup>6</sup> Principle 2 of the King IV (2016: 44, paragraphs 4-10)

- 3.2.5 the application of ethics a criterion in the selection, promotion and performance management of employees and service providers;
  - 3.2.6 the implementation and effectiveness of reporting mechanisms for safe reporting of unethical behaviour;
  - 3.2.7 that breaches of ethical standards are addressed in a manner that will prevent reoccurrence;
  - 3.2.8 the inclusion of ethics management and performance in the scope of internal audit; and
  - 3.2.9 the extent to which ethics has become part of the corporate culture.
- 3.3 The Committee should support the Audit and Risk Committee (ARC) and the Board in ensuring effective risk management oversight, specifically in relation to material risks within its scope (risk allocated to the Committee). The Committee shall give effect to this responsibility through:
- 3.3.1 ensuring the effective monitoring of the risk allocated to the Committee;
  - 3.3.2 considering and reviewing management’s feedback and/or assurance provider reports on the design and operating effectiveness of existing key risk responses (focus on major or significant deficiencies), aligned to the Combined Assurance Framework;
  - 3.3.3 considering management updates on action plans identified to remediate any key responses with significant or major deficiencies;
  - 3.3.4 considering management’s feedback on key developments that have a potential material impact on the allocated risks (materiality informed by the risk materiality lens to be applied at Group level), as well as the appropriateness of existing key responses or any new/additional key responses required; and
  - 3.3.5 providing feedback through the Committee Chairman to the ARC and the Board on any material risk related matters, specifically the key responses with major or significant deficiencies, key developments with a material impact, any new/additional key responses required or any potential breach of approved risk appetite and tolerance levels (as relevant and appropriate).
- 3.4 The Committee must establish an annual work plan for each year to ensure that all relevant matters as per its mandate are covered by the agendas of the meetings planned for the year.

#### **4. REPORTING<sup>7</sup>**

- 4.1 The Chairman of the Committee shall report to the Board on the activities of the Committee after each meeting, drawing matters within its mandate to the attention of the Board as occasion requires.
- 4.2 The Committee shall make recommendations to the Board as it deems appropriate, on any area within its mandate.

---

<sup>7</sup> Reg 43(5)(b) and (c)

- 4.3 The Committee shall annually review and approve the Group's ESG Report (as part of the Integrated Annual Report suite) and shall ensure that the Group annually reports on the activities of the Committee, and specifically whether the Committee is satisfied that it executed its mandate in a manner that is consistent with these Terms of Reference.
- 4.4 The Chairman of the Committee shall attend the Company's annual general meeting to answer questions relating to the report tabled or concerning matters within the mandate of the Committee.

## **5. MEETINGS AND PROCEEDINGS**

- 5.1 Meetings of the Committee will be held as the Committee deems necessary, provided that the Committee shall meet at least twice annually. Meetings should be organised in order to maximise attendance. The Chairman of the Committee or any member of the Committee, with the consent of the Committee Chairman, may call a special meeting at any other time.
- 5.2 Notice of each meeting of the Committee, confirming the venue, time and 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 seven calendar days prior to the date of the meeting.
- 5.3 The meetings of the Committee may be held in person or by means of electronic conferencing as the circumstances may require, provided that the required quorum is met.
- 5.4 The quorum for decisions of the Committee shall be a majority of non-executive directors present for that particular decision. A decision shall be deemed as passed if a majority vote on the matter for decision is passed by the members present at the Committee.
- 5.5 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. A decision made in such manner has the same effect as if it had been approved at a meeting.
- 5.6 Where decisions are required by way of written resolution, a quorum shall constitute a majority of non-executive directors, one of whom shall be the Committee's Chairman.
- 5.7 Executive directors, senior management, assurance providers, advisors and consultants of the Group, as well as other Board members, may attend meetings of the Committee by invitation as the occasion requires, but may not vote on any matter placed before the Committee.
- 5.8 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the Company's memorandum of incorporation (MoI) regulating the meetings and proceedings of directors and committees.
- 5.9 The Committee's secretary shall take minutes of meetings. Minutes of all meetings shall be circulated to all the members of the Committee. Any director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of the Committee's minutes.

5.10 The Committee shall be entitled to place reliance on the work and reports of any employee, assurance provider, advisor or committee of the Board that has responsibility for any function falling within the mandate of the Committee.

## **6. REMUNERATION**

Having regard to the functions performed by the members of the Committee in addition to their functions as directors, and pursuant to the specific power conferred upon the Board by the MoI of the Company, members of the Committee may be paid such remuneration as shall be recommended by the Board, and approved by the Company's shareholders, annually.

## **7. LIMITED LIABILITY**

7.1 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care, skill and judgment, in accordance with their legal and statutory obligations.

7.2 Subject to the above provisions and any relevant legislation and codes of best practice, the members of the Committee shall not attract any personal liability arising from their appointment and the Company shall indemnify members of the Committee to the extent possible in terms of its approved directors' and officers' liability insurance coverage.

## **8. GENERAL**

8.1 The Committee, in carrying out its tasks under these Terms of Reference, may obtain such outside or other independent professional advice as it reasonably considers necessary to carry out its duties.

8.2 The Board will ensure that the Committee has reasonable access to professional advice, both internal and external to the Company, in order to perform its duties.

8.3 The Committee may require from any director, prescribed officer or employee of the Company or the Group any information or explanation necessary for the performance of the Committee's functions.

8.4 These Terms of Reference may be amended as required, subject to the approval of the Board, and will be reviewed on an annual basis for relevance and accuracy.

8.5 The Committee shall assess its and its members' effectiveness at least once every two years.

**-END-**