Introduction

Section 72(4) to (10) of the Companies Act of 2008 (the “Act”) and regulation 43 to the Act (as included below) makes provision for a social and ethics committee to be appointed by every listed companies.

The Social & Ethics Committee (the Committee) is constituted as a committee of the board of directors of Wilson Bayly Holmes-Ovcon Limited (“the Company”).

The duties and responsibilities of the committee members are in addition to those as members of the board.

The deliberations of the committee do not reduce the individual and collective responsibilities of the 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.

Companies Regulations, 2011 Section 43
Social and Ethics Committee

(1) This regulation applies to-
(a) every state owned company;
(b) every listed public company; and
(c) any other company that has in any two of the previous five years, scored above 500 points in terms of regulation 26(2).

(2) A company to which this regulation applies must appoint a social and ethics committee unless-
(a) it is a subsidiary of another company that has a social and ethics committee, and the social and ethics committee of that other company will perform the functions required by this regulation on behalf of that subsidiary company; or
(b) it has been exempted by the Tribunal in accordance with section 72(5) and (6).

(3) A board of a company that is required to have a social and ethics committee, and that-
(a) exists on the effective date, must appoint the first members of the committee within 12 months after-
(i) the effective date; or
(ii) the determination by the Tribunal of the company’s application, if any, if the Tribunal has not granted the company an exemption;
(b) is incorporated on or after the effective date, must constitute a social and ethics committee and appoint its first members within one year after-
(i) its date of incorporation, in the case of a state owned company;
(ii) the date it first became a listed company, in such case; or
(iii) the date it first met the criteria set out in sub-regulation (1)(c), in any other case.

(4) A company’s social and ethics committee must comprise not less than three directors or prescribed officers of the company, at least one of whom must be a director 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.
(5) A social and ethics committee has the following functions:
(a) 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-
   (i) social and economic development, including the company’s standing in terms of the goals and purposes of-
      (aa) the 10 principles set out in the United Nations Global Compact Principles; and
      (bb) the OECD recommendations regarding corruption;
      (cc) the Employment Equity Act; and
      (dd) the Broad-Based Black Economic Empowerment Act;
   (ii) good corporate citizenship, including the company’s-
      (aa) promotion of equality, prevention of unfair discrimination, and reduction of corruption;
      (bb) Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
      (cc) record of sponsorship, donations and charitable giving;
   (iii) the environment, health and public safety, including the impact of the company’s activities and of its products or services;
   (iv) consumer relationships, including the company’s advertising, public relations and compliance with consumer protection laws; and
   (v) labour and employment, including-
      (aa) the company’s standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
      (bb) the company’s employment relationships, and its contribution toward the educational development of its employees;
(b) to draw matters within its mandate to the attention of the Board as occasion requires; and
(c) to report, through one of its members, to the shareholders at the company’s annual general meeting on the matters within its mandate.

Role and Purpose

The purpose of the committee is to:

Monitor activities with regards to legislation and legal requirements;

Draw matters to the attention of the board and report to shareholders at the annual general meetings.

Composition – (comprise of prescribed officers or directors)

- Not less than 3 (three) directors and/or prescribed officers;
- At least 1 (one) director who is not involved in the day-to-day management of the Company, and not involved in the previous 3 financial years;
Responsibilities

To conform to a well written and appropriate code of conduct endorsed by the board is a good communication device which alerts all employees to ethical standards and guidelines for acceptable behaviour. Such standards promote ethical decision making and may help resolve ethical dilemmas that arise.

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:

- Social and economic development, including the company’s standing in terms of the goals and purposes of:
  - The ten principles set out in the United Nations Global Compact Principle;
  - The Organisation for Economic Cooperation and Development (“OECD”) recommendations regarding corruption;
  - The Employment Equity Act; and
  - The Broad Based Black Economic Empowerment Act;

- Good corporate citizenship including the Company’s:
  - Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
  - Record of the support and funding through employee involvement, sponsorships and donations to non-profit educational, health, charitable and social organisations.

- The environment, health and public safety, including the impact of the Company’s activities and of its products or services;

- Consumer relationships, including the company’s advertising, public relations and compliance with consumer protection laws; and

- Labour and empowerment including:
  - The Company’s standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
  - The company’s employment relationships and its contribution towards the educational development of its employees.

- Draw matters within its mandate to the attention of the board as occasion requires; and

- Report to the shareholders at the Company’s annual general meeting on the matters within its mandate.

- This code should also promote an environment where open communication is expected and protected.
Authority - (Section 72(8))

- The committee has the authority to enquire from any director or prescribed officer of the company any information or explanation necessary for the performance of the committee’s functions;

- To request from any employee of the company any information or explanation necessary for the performance of the committee’s functions;

- To be represented at any general shareholders meeting;

- To receive all notices of and other communications relating to any general shareholders meeting; and

- To be heard at any general shareholders meeting contemplated in this paragraph on any part of the business of the meeting that concerns the committee’s functions.

Where the board of a company fails to constitute such a committee, the Companies and Intellectual Property Commission (“CIPC”) will convene a shareholders’ meeting, and call on the shareholders to appoint one. Each director who knowingly failed to make the appointment would be personally liable for the costs incurred by the Commission.

Meeting Procedures

Frequency

The Committee must hold sufficient scheduled meetings subject to a minimum of two meetings per year;

The Chairman of the committee may meet with the head of HR and/or Company Secretary prior to the meeting to debate the important issues to be included in the agenda.

Attendance

Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Company Secretary;

The Company Secretary is the secretary to this Committee;

The following persons may attend the meeting by invitation only and may not vote:
- The Chief Executive Officer;
- Chief Financial Officer,
- Members of senior management as may be required;
- Assurance providers and professional advisors.

If the nominated Chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairman.
**Agenda and Minutes**

- The Committee should establish an annual work plan for each year to ensure that all relevant matters are covered by meetings held during the year;

- A detailed agenda, together with supporting documentation will be circulated at least one week prior to the meeting to the committee members;

**Quorum**

A representative quorum for the meeting is majority of elected members being present. Individuals in attendance by invitation may participate in discussions but do not form part of the quorum;

**Evaluation**

The board must perform an evaluation of the effectiveness of the committee every year.