

TERMS OF REFERENCE

Social, Ethics and
Transformation Committee



Terms of Reference: Social, Ethics and Transformation Committee

Document Control

Key Document Summary and Version History

Document Status and Version	Approved V7.2 – 24/11/2022
Document Owner	Group Company Secretary
Document Location	Tiberius / Charters and Committee Terms of Reference MM website

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1. INTRODUCTION

- 1.1. The Social, Ethics and Transformation Committee (“SETC” or “the Committee”) is constituted as a committee of Momentum Metropolitan Holdings Limited (“MMH”) Board of Directors (“the Board”) to perform the roles and responsibilities as required by section 72 of the Companies Act, 71 of 2008 (“the Companies Act”), read in conjunction with Regulation 43 of the Companies Regulations, 2011 (“the Regulations”) (as amended from time to time), the King IV Report on Corporate Governance for South Africa 2016 (“King IV™”), the JSE Listings Requirements and any other relevant governance practices.
- 1.2. In the context of this document, “Company” means Momentum Metropolitan Holdings, its subsidiaries, and all business divisions and units, collectively also referred to as “Momentum Metropolitan” or “the Group”.
- 1.3. The Committee will assist the Board in fulfilling its statutory and other oversight responsibilities with regards the social, ethics and transformation matters within Momentum Metropolitan. These oversight and reporting responsibilities relate to *inter alia* organisational ethics, responsible corporate citizenship, transformation, sustainable development and stakeholder relationships.

2. PURPOSE OF THE TERMS OF REFERENCE

The purpose of these Terms of Reference (“TOR”) is to set out the Committee’s scope, role and responsibilities as well as the requirements for its composition and meeting procedures.

3. AUTHORITY

3.1. General

- 3.1.1. The Board delegated certain responsibilities and duties to this Committee, which authority may be withdrawn or amended by the Board at any time. The nature of the delegation is as set forth in the roles and responsibilities hereunder, and the Committee will act in terms of this delegated authority.
- 3.1.2. The duties and responsibilities of the members of the Committee are in addition to those that they may have as members of the Board, where applicable. The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members with regard to their fiduciary duties and responsibilities.
- 3.1.3. The Committee will have an independent oversight role with accountability to both the Board and the shareholders. In performing its duties and responsibilities, the Committee will maintain effective working relationships with the Board, management, and any internal and external assurance providers, where necessary.
- 3.1.4. The Committee makes recommendations to the Board for its consideration and final approval relating to the Committees’ statutory duties, taking into account the input from executive management.
- 3.1.5. The Committee will not assume the functions of management, which remain the responsibility of the executive directors and officers, and other members of senior management.

- 3.1.6. The Committee in the fulfilment of its role and responsibilities:
- 3.1.6.1. Has the power to pursue and investigate any activity within the scope of these Terms of Reference.
 - 3.1.6.2. May call upon the Chairmen of the other Board Committees, any of the executive directors, officers or Company Secretary to provide it with information.
 - 3.1.6.3. Has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities, and can require it from any employee, director or prescribed officer.
 - 3.1.6.4. Has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to following a Board-approved process.
- 3.1.7. The Committee will continue to serve as a committee of the Board as required by the relevant legislative provisions, or as determined by the Board.

3.2. **Mandate In Respect Of Subsidiaries**

- 3.2.1. The Committee is appointed to act on behalf of Momentum Metropolitan group of companies as a whole, except to the extent restricted or precluded by law, or otherwise indicated by a subsidiary.

3.3. **Sub-committees and/ or Forums**

- 3.3.1. The Committee is mandated and authorised by the Board, without limiting the generality of its authority, to designate a sub-committee of appropriately qualified persons to assist it in discharging its mandate in respect of any particular matter as set forth in this TOR, or in respect of any subsidiary or operating or business structure within the Group, whether established and operating locally or internationally. In doing so, the Committee may delegate any of its powers to a person or committee of persons, but shall not abdicate its responsibilities stipulated in this TOR.
- 3.3.2. In the process of delegation, full cognisance shall be taken of the particular governance structure of Momentum Metropolitan Group in order to prevent duplication of functions between various committees as far as possible.
- 3.3.3. The appointment of sub-committees for subsidiaries does not reduce the accountability of the Committee in relation to the roles and responsibilities set forth herein.

4. **COMPOSITION OF THE COMMITTEE**

- 4.1. The Committee will comprise of at least three (3) executive and non-executive directors, of which the majority will be non-executive members. Members may also include prescribed officers.
- 4.2. At least one (1) member should be an independent non-executive director.
- 4.3. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, be fit and proper, and keep up-to-date with developments affecting the required skills-set.

- 4.4. The Chairman and members of this Committee shall be appointed by the Board, or its duly mandated Committee. Any change to the composition of the Committee shall be considered and approved by the Board, or its duly mandated Committee.
- 4.5. The Chairman of the Board may be a member of the Committee, but may not be the Committee's Chairman.
- 4.6. The Group Company Secretary, or his/her nominee, or any other person appointed by the Momentum Metropolitan Board, duly mandated Board Committee, or the Committee, shall be the secretary to the Committee.
- 4.7. The Chairman or his/her nominee shall attend the Annual General Meeting to answer questions concerning matters falling within the ambit of the Committee.

5. ROLE

- 5.1. The Company's contribution to social and economic transformation and upliftment within South Africa is the primary focus of this Committee.
- 5.2. To monitor the progress of the Company in ensuring that the racial imbalances are corrected and that leadership and talent is encouraged by positive and affirmative policies.
- 5.3. The role of the Committee in relation to Transformation matters, is to assist the Board with the following:
 - 5.3.1. To oversee the establishment of, and monitor and report on, the implementation of a transformation strategy within the Group.
 - 5.3.2. To oversee the Company's compliance with its broader responsibility in terms of the relevant laws, codes and best practices in the context of transformation and to track progress in that regard.
- 5.4. The role of the Committee in relation to Social and Ethics matters, is to assist the Board with the following:
 - 5.4.1. To perform the role and function of a social and ethics committee as provided for in the Companies Act read with its Regulations. The mandate is threefold in that the Committee has to:
 - 5.4.1.1. Monitor if the Company complies with relevant social and ethical legal requirements and best practice codes.
 - 5.4.1.2. Bring any relevant matters within the scope of its mandate to the attention of the Board.
 - 5.4.1.3. Report to the Board and shareholders on matters that fall within the scope of its mandate.
- 5.5. Creating a sustainable business environment and having regards to the Company's economic, social and environmental impact on the communities in which it operates.
- 5.6. To engage any other Board committees, particularly the Fair Practices Committee and the Risk, Capital and Compliance Committee, to assist with those matters that reside more appropriately with the role and functions performed by those Board Committees, and require such other

Committees to report any relevant matters to the SETC. The Company Secretary shall keep a written record of the engagement of other Committee/s assisting the SETC, in this regard.

- 5.7. To perform their role effectively, the Committee shall have access to all relevant information, especially the Company's transformation, social and ethics strategies as prescribed from time to time.
- 5.8. To approve and provide oversight of the Company's sustainability strategy, including environmental issues.

6. RESPONSIBILITIES

The Committee will perform all the functions necessary to fulfil its role as stated above and address the areas summarised below:

Economy	Workplace	Natural Environment	Social Environment
Economic Development	Employment Equity	Environmental impact	Community Development
Combating Fraud and Corruption	Decent work	Pollution	Donations and sponsorships
Broad-based black economic empowerment	Employee safety and health	Waste disposal	Public health and safety
Responsible and transparent tax practices ¹	Employee Relations	Biodiversity	Advertising
	Education of employees		Consumer Protection ²
	Fair Remuneration ³		Consumer Relations ²
	Organisational Ethics		Human Rights
			Stakeholder Relationships

The Committee's responsibilities include but are not limited to the following:

6.1. Transformation:

- 6.1.1. Review the strategy to be adopted by the Company in support of the Company's strategic objectives in relation to transformation, and make recommendations to the Board. These would include the strategy on:

¹ Per the Audit Committee

² Per the Fair Practices Committee

³ Per the Remuneration Committee

- 6.1.1.1. Skills Development.
 - 6.1.1.2. Enterprise and Supplier Development (including Preferential Procurement with firm focus on use of suppliers from designated groups).
 - 6.1.1.3. Employment Equity.
 - 6.1.1.4. Corporate Social Investment.
- 6.1.2. Review the Company's transformation strategy to ensure that it is in line with current legislation.
- 6.1.3. Agree measurable long-term and short-term transformation targets and monitor progress against such targets. These targets will include appropriate goals on race, gender and disability, training and skills development budgets, procurement policies, etc., as per applicable legislation.
- 6.1.4. Promote an organizational culture which affords all employees developmental opportunities that will enable them to achieve their optimal levels of career development in the course of their employment with the Company, and recognize the diversity of society within which the Company conducts its business.
- 6.1.5. Monitor that disclosure practices regarding transformation and effective consultation with stakeholders, including staff and their representatives, communities, etc. are in place in this context.
- 6.1.6. Review specific areas where levels of transformation are unsatisfactory and recommend corrective strategies.
- 6.1.7. Report regularly to the Board to assist them in ensuring adherence to both the code and the Company's objectives.
- 6.1.8. Review management's performance against pre-set transformation objectives. The Committee will use the following mechanisms during this assessment:
- 6.1.8.1. The balanced scorecard.
 - 6.1.8.2. The business plans for the Company and for individual businesses.
 - 6.1.8.3. The empowerment index.
 - 6.1.8.4. Any other legal or relevant requirements.
- 6.1.9. After taking into account and receiving comfort that a robust internal review process was followed within the divisions, approve the Employment Equity Plan, as recommended by Transformation executive management.
- 6.1.10. After obtaining assurance that Transformation executive management was involved in the appointment process of the verification agency, ratify the verification agency employed by the Company to verify progress on transformation.
- 6.2. Social and Ethics:**
- 6.2.1. Monitor and/or co-ordinate the company's standing and activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to the below matters that will support the establishment of an ethical culture.
- 6.2.2. Identify and evaluate the corruption risks that its employees or others acting on its behalf are likely to encounter and use this knowledge as a basis for developing appropriate measures to reduce these risks.

- 6.2.2.1. The 10 principles set out in the United Nations Global Compact Principles which asks companies to embrace, support and enact, within their sphere of influence, a set of core values being –

Human Rights

Principle 1 Business should support and respect the protection of internationally proclaimed human rights.

Principle 2 Ensure that Business is not complicit in human rights abuses.

Labour

Principle 3 Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4 Elimination of all forms of forced and compulsory labour.

Principle 5 The effective abolition of child labour.

Principle 6 The elimination of discrimination in respect of employment and occupation

Environment

Principle 7 Business should support a precautionary approach to environmental challenges.

Principle 8 Undertake initiatives to promote greater environmental responsibility.

Principle 9 Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10 Business should work against corruption in all its forms, including extortion and bribery.

- 6.2.2.2. Responsible corporate citizenship, including the Company's:
- a. Oversight and monitoring on an ongoing basis of the consequences of the Company's activities and outputs that affect its status as a responsible corporate citizen.
 - b. Oversight that the Company's core purpose, values, strategy and conduct are congruent with it being a responsible corporate citizen.
 - c. Promotion of equality, prevention of unfair discrimination, and reduction of corruption, and ensure that these efforts include compliance with the Constitution of South Africa.
 - d. Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed.
 - e. Recording of sponsorship, donations and charitable giving.
 - f. Consideration and monitoring of Momentum Metropolitan's environmental management issues.
 - g. Consideration of material, national and international regulatory developments in environmental management and climate change.
 - h. Assess and monitor Momentum Metropolitan's climate change response, including approval of the carbon emissions reduction target.
- 6.2.2.3. Set direction of how ethics should be approached in the Company and oversee the effective management of the Company's ethics through the following:
- a. Leadership demonstrating support for ethics throughout the Company.

- b. Articulating ethical standards in a Code of Ethics and/ or other policies and standards that establish the ethical tone and culture of the Company's best practice, and encompasses interaction with both internal and external stakeholders.
 - c. Implementing structures, systems and processes to ensure that the various boards, employees and supply chains are familiar with, and adhere to the company's ethical standards.
 - d. Embedding ethics in the corporate culture.
 - e. Conduct inter alia periodic independent assessments of the Company's ethical culture to assess the adherence of ethics by employees and other stakeholders.
 - f. Provide for the use of protected disclosure of the whistle-blowing mechanisms to detect breaches of ethical standards, and that mechanisms are in place to deal with such disclosures appropriately.
 - g. Ensure sanctions and remedies are in place for when the Company's ethical standards are breached.
 - h. Consider and make recommendations on any existing or potential material conflicts of interest or questionable situations.
- 6.2.2.4. The environment, health and public safety, including the impact of the Company's activities and of its products or services.
- 6.2.2.5. Ensure the Company enforces a declaration of interest process and policy.
- 6.2.2.6. The performance of the Company in the field of safety security, health, environmental management, social and community development, sustainable development, human rights, and security of employees and assets should be considered.
- 6.2.2.7. Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws.
- 6.2.2.8. Labour and employment, including:
- a. The Company's standing in terms of the International Labour Organization Protocol on decent work and working conditions.
 - b. The Company's employment relationships and its contribution toward the educational development of its employees.

6.3. Stakeholder Engagements:

- 6.3.1. In executing its roles and responsibilities, the Committee should adopt a stakeholder-inclusive approach that balances the needs, interest and expectations of material stakeholders in the best interest of the Company by:
- 6.3.1.1. Assuming responsibility for the governance of stakeholder relationships by setting direction for how stakeholder relationships should be approached and conducted in the Company.
 - 6.3.1.2. Approving a policy that gives effect to the direction of the Board for stakeholder relationships.
- 6.3.2. Review and monitor the Company's stakeholder engagement strategies, plans and performance and provide strategic guidance thereon.
- 6.3.3. The Committee oversees the management of stakeholder relationships on an ongoing basis and ensure it results in:
- 6.3.3.1. Methodologies for identifying individual stakeholders and stakeholder groupings.

- 6.3.3.2. Determination of material stakeholders based on the extent to which they affect, or are affected by the activities, outcomes and outputs of the Company.
 - 6.3.3.3. Management of stakeholder risk as an integral part of the Company's risk management.
 - 6.3.3.4. Formal mechanisms for engagement and communication with stakeholders, including using dispute resolution methods and similar processes.
- 6.3.4. Measuring the quality of material stakeholder relationships and appropriate responses.
- 6.4. Reporting requirements:**
- 6.4.1. The Chairman of the Committee shall report on material matters from its meetings at Board meetings through an escalation report.
 - 6.4.2. To draw matters within its mandate to the attention of the Company's Board as and when the committee deems it necessary for the board to consider such matters.
 - 6.4.3. To report on matters within its mandate to shareholders at the MMH annual general meeting. In this report, the Committee should confirm that it has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and that there are no instances of material non-compliance to disclose, or otherwise disclose any such instances of material non-compliance in the report.
- 6.5. Other Responsibilities**
- 6.5.1. Requesting and considering any additional information necessary to fulfil the functions of the Committee.
 - 6.5.2. Performing any other functions as requested by the Board, provided that those functions are not management functions.
 - 6.5.3. Performing responsibilities as required by relevant Board approved policies, including the review and approval of such policies, where applicable.
 - 6.5.4. Make 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.

7. IMPLEMENTATION

The responsibility for the implementation of strategies to achieve the transformation, social and ethics objectives rests with Executive Management.

8. MEETINGS AND PROCEDURES

8.1. Frequency

- 8.1.1. The Committee should hold sufficient scheduled meetings with not less than three (3) meetings per year to discharge all its duties as set out in these Terms of Reference and other relevant Company documents and applicable policies.

- 8.1.2. A schedule of regular meetings shall be provided to the Committee members at the beginning of the year.
- 8.1.3. Meetings in addition to those scheduled may be held at the request of the Chief Executive Officer, the Chairman or on request from a member of the Committee with consent of the Chairman, or at the instance of the Board, after consultation with the Chairman of the Committee.
- 8.1.4. Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the Company's Memorandum of Incorporation that regulates the meetings and proceedings of Committees.
- 8.1.5. Meetings may be conducted by way of electronic media such as video or telephone conferencing.
- 8.1.6. Should the need arise for a decision to be taken by the Committee and, due to urgency, the matter cannot be postponed until the next Committee meeting, the required decision may be obtained by following the process as set out hereunder:
 - 8.1.6.1. An appropriate memorandum must be prepared, addressing the relevant background facts and setting the proposed resolution.
 - 8.1.6.2. The Committee Secretary must e-mail the documentation to each member and advise the members of the time and date when a written response is required.
 - 8.1.6.3. For a decision to be legitimately taken by round robin procedure, the support of the majority of members is required in writing and signed by them (and for the purposes of this procedure, communication per e-mail will be regarded as being in writing). Should a Committee member object to a decision, the remaining members of the Committee must be advised of such objection.
 - 8.1.6.4. At the Committee meeting following the date of the round robin decision, the Committee Secretary must report fully on the decision so taken by the Committee and record the decision in the minute book.

8.2. Attendance

- 8.2.1. The Committee and the Chief Executive Officer may in consultation with the Chairman invite any member of staff from Momentum Metropolitan, or its subsidiaries, or any Division, including external professional advisors, to Committee meetings as and when required. Invitees to meetings attend by invitation only and they may not vote on matters at the meeting.
- 8.2.2. Committee members will attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, have been submitted to the Chairman or Committee Secretary.
- 8.2.3. If the Chairman of the Committee is absent from a meeting or is not present within 15 minutes of the stipulated time for such meeting, the members present shall elect one (1) of the members present to act as Chairman for that meeting.

8.3. Agenda and Minutes

- 8.3.1. 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. The annual plan should ensure proper coverage of the matters laid out in this Committee

TOR. From this plan, the number, timing, and length of meetings, and the agendas will be determined. The more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a longer period.

- 8.3.2. The Chairman of the Committee may meet with the Chief Executive Officer, Group Executive for Transformation and/or the Committee Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.
- 8.3.3. The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, together with the supporting documentation, shall be forwarded to each member of the Committee not less than five (5) working days prior to the date of the meeting.
- 8.3.4. Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- 8.3.5. Members must declare a possible conflict of interest with agenda items at the beginning of each meeting, and this will be recorded in the meeting minutes by the Committee Secretary.
- 8.3.6. The Chairman is responsible for the smooth running of meetings, ensuring the view of each member are heard and that sufficient time is devoted to each issue for discussion.
- 8.3.7. The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chairman for review thereof. The minutes will be formally approved by the Committee at its next scheduled meeting.

8.4. **Quorum and voting**

- 8.4.1. A quorum for meetings shall be a simple majority of members present, namely 50% (fifty percent) + one (1) member.
- 8.4.2. As granted by the Board (per resolution R12/2020), any individuals who are appointed as members of the Committee, but are not directors of Momentum Metropolitan, have full voting rights on the matters to be decided by the Committee.
- 8.4.3. Individuals in attendance at Committee meetings by invitation may participate in discussions at meetings but do not form part of the quorum for Committee meetings, and shall have no voting rights where decisions are to be voted on.
- 8.4.4. Wherever possible the Committee will take decisions on a consensus basis. Where consensus cannot be reached, voting shall take place by a show of hands.

9. REMUNERATION

- 9.1. Committee members not holding executive office in the Momentum Metropolitan Group shall be compensated for their services, with the Chairman being entitled to an additional fee for his/her service.

- 9.2. Any special and ad hoc meetings will be remunerated as determined by the Board from time to time, and approved by the Shareholders as part of the Group Remuneration Policy.

10. EVALUATION AND DEVELOPMENT

10.1. Evaluation

- 10.1.1. The Board, and each member of the Committee, will perform an evaluation of the effectiveness of the Committee every two years.

10.2. Development

- 10.2.1. The Committee Chairman will use the results of the performance evaluation to identify developmental areas of the Committee and/or individual members.
- 10.2.2. The Committee members must keep up-to-date with developments affecting the required skill-set. All members should attend update training to be arranged by the Committee Secretary.

11. REVIEW

- 11.1. This ToR shall be reviewed by Group Company Secretariat annually or as and when it becomes necessary to do so due to legislative, regulatory and/or other changes. The updated ToR will be submitted for approval by the Committee and the Board.