



CLOVER INDUSTRIES LIMITED
GROUP SOCIAL AND ETHICS COMMITTEE
TERMS OF REFERENCE

1. Introduction

The Social and Ethics Committee (“**Committee**”) is constituted as a committee of the board of directors of Clover Industries Limited (“**Company**”).

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

The Committee does also act as the Company’s (and its subsidiaries) statutory social and ethics committee as required by section 72 (4) of the Companies Act and shall perform the statutory social and ethics committee functions required under regulation 43 (5) of the Companies Act (see paragraph 5 below).

These terms of reference are subject to the provisions of the Companies Act 71 of 2008 (“**Companies Act**”), the Company’s Memorandum of Incorporation, the King IV Report on Corporate Governance for South Africa, 2016 (“King IV”) and any other applicable law or regulatory provision. Where these terms of reference transgress legislation and / or rules of the Act, and / or the Memorandum of Incorporation, that legislation and / or regulation takes precedence over the Charter.

2. Purpose of the 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. The Committee is established to assist the Board with the oversight of social and ethical matters and in ensuring that the Company is and remains a committed socially responsible corporate citizen. The commitment to sustainable development involves ensuring that the Company conducts business in a manner that meets existing needs without knowingly compromising the ability of future generations to meet their needs. The Committee’s primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management’s efforts in respect of social, stakeholder relationships, ethics and sustainable development related matters.

3. Composition

The Committee must comprise of at least three directors of the Company and should consist of executive and non-executive directors, of which the majority of members of the Committee shall be non-executive directors.

The Board shall appoint the members, and one of the independent members shall be appointed as chairperson.

The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

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 and advise the board on: -

- the way in which the Company is expected to manage its ethical affairs;
- the ethical values and principles which underpin a specific corporate governance regime;
- all relevant aspects that may have a significant impact on the long-term sustainability of the business of Company;
- other factors which may influence the Company's "triple bottom line" reporting and the six capitals;
- compliance with regard to the statutory social and ethics committee functions required under regulation 43 (5) of the Companies Act (see paragraph 5 below).

5. Responsibilities

The Committee must perform all the functions necessary to fulfil its role as stated above and including the following: -

- The approval of a code of ethics for the Company to be recommended to the board for approval.
- Monitor the implementation of sustainability policies through the considering of management reports.

- Advise Management as to ways and means to improve the effectiveness of its sustainability policies and the setting of targets and timeframes in relation thereto.
- Report to the Board on the status of sustainability issues.
- Consider substantive national and international regulatory and technical developments in all fields relevant to the Group's identified sustainability issues.
- Monitor and make recommendations to the Board and/or Management as to the optimal utilization of resources to optimise the Group's long-term sustainability.
- Consider and recommend for approval, the reporting on sustainability issues in the Integrated Annual Report.

The Committee shall further perform the following statutory functions: -

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-
 - (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;
2. To draw matters within its mandate to the attention of the Board as occasion requires; and
 3. To report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.

6. Accountability of the Committee

The Committee is accountable to the Board and must submit reports to the Board of its meetings, including any recommendations it may wish to make, provided that the Committee is accountable to the Shareholders with regard to its Statutory Duties.

7. Authority

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.

The Committee, in the fulfilment of its duties, may call upon the chairmen of the other board committees, any of the executive directors, officers or company secretary to provide it with information, subject to following a board approved process.

The Committee has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

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*

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 3 (three) meetings per year.

Meetings in addition to those scheduled may be held at the request of the chief executive officer, any executive or other members of senior management or at the instance of the board.

The chairman of the Committee may meet with the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

8.2 *Attendance*

The chief executive officer, chief financial officer, any executive or other members of senior management as may be required, assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.

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.

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.

8.3 *Agenda and minutes*

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the board and other invitees.

It is envisaged that the following meetings be held with specific agenda items as detailed in workplan of the Committee attached hereto as annexure "A".

Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes must be completed as soon as possible after the meeting and circulated to the chairman and the Committee members for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

8.4 Quorum

A representative quorum for meetings is a majority of members present. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

9. Authority to seek any required information

The Committee shall have the authority to seek any information that it requires from any officer or employee of the Company.

10. Independent Professional Advice

The Committee is authorised to take such independent professional advice as it considers necessary, the costs of which shall be for the account of the Company, provided the Committee follow the procedure set out in Annexure "B" to the Board Charter.

11. No executive powers

Save for its duties provided for in the Act, the Committee shall have no executive powers with regard to its findings and recommendations.

12. Evaluation of the committee's performance

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

13. Approval of these terms of reference

These terms of reference were approved by the chairman of the board and chairman of the Committee on 28 November 2017 and will be due for review on 26 November 2018.

Social and Ethics Committee Work Plan

<u>Duties and Responsibilities</u>	<u>March meeting</u>	<u>May meeting</u>	<u>August meeting</u>	<u>November meeting</u>	<u>Annual/Ad Hoc</u>
1. Compliance					
Review the Company's compliance with all legislation, other legal requirements or prevailing codes of best practise.			X		
2. Social and Economic development					
Review Company's standing in terms of the goals and purposes of the 10 principles set out in the United Nations Global Compact Principles.				X	
Review Company's standing in terms of the goals and purposes of the OECD recommendations regarding corruption.				X	
Review Company's standing in terms of the goals and purposes of the Employment Equity Act.				X	

<u>Duties and Responsibilities</u>	<u>March meeting</u>	<u>May meeting</u>	<u>August meeting</u>	<u>November meeting</u>	<u>Annual/Ad Hoc</u>
Review Company's standing in terms of the goals and purposes of the Broad-Based Black Economic Empowerment Act	X				
Monitor the company's activities with regard to matters relating to the promotion of equality, prevention of unfair discrimination and the reduction of corruption.			X		
Monitor the company's activities with regard to matters relating to the company's contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed.	X				
Monitor the company's activities with regard to matters relating to sponsorships, donations and charitable giving.	X				
3. Environment, Health and Safety					
Monitor the company's activities with regard to matters relating the environment, health and public safety, including the impact of the company's activities and of its products or services. Ensure that all health and safety procedures are uniformly, as far as possible, implemented throughout the Organisation	X				
4. Consumer Relationship					

<u>Duties and Responsibilities</u>	<u>March meeting</u>	<u>May meeting</u>	<u>August meeting</u>	<u>November meeting</u>	<u>Annual/Ad Hoc</u>
Monitor the company's activities with regard to matters relating consumer relationships, including the company's advertising, public relations and compliance with consumer laws		X			
5. Labour and Employment					
Review the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions.		X			
The company's standing with regard to employment relationships and its contribution toward the educational development of its employees.		X			
6. General					
Report to the shareholders of the company at the company's annual general meeting on the matters within its mandate.			X		
Review annual sustainability review for publication in Integrated Report.			X		X

<u>Duties and Responsibilities</u>	<u>March meeting</u>	<u>May meeting</u>	<u>August meeting</u>	<u>November meeting</u>	<u>Annual/Ad Hoc</u>
Review company's code of ethics			X		
Review of Committee's terms of reference			X		
Review the Compliance Risk Management and Incidence Report of the Company	X	X	X	X	
Review Report on the Company's Ethics hotline	X	X	X	X	
Monitor the Companies activities regarding government policies and other legislation that impact on Food Security				X	
Report on declaration of gifts by Executives and Senior Management		X		X	
Review report on overtime and garnishee orders in the Company	X	X	X	X	
Review the "best company to work for" results including findings of any employee related issues and action plans to be implemented by management		X			

<u>Duties and Responsibilities</u>	<u>March meeting</u>	<u>May meeting</u>	<u>August meeting</u>	<u>November meeting</u>	<u>Annual/Ad Hoc</u>
Report on Social Media Risks facing the Company	X	X	X	X	
Management regarding standing of the Company with regard to the health and wellness of employees	X		X		