

Social and Ethics Report

This report highlights matters of significant importance which took place during the period under review and which fall within the mandate of Hulisani's Social and Ethics Committee, in accordance with the requirements of the Companies Act (as amended).

Establishment and Composition

The Social and Ethics Committee (SEC) was established in terms of Section 72(4) and Regulation 43 of the Companies Act, 71 of 2008 (Companies Act). The functions of the SEC are threefold namely, to:

- monitor the Company's activities by having regard to applicable legislation, codes of best practice and any legal requirements as specified;
- draw matters, within its mandate, to the attention of the Board as and when required; and
- report at the Annual General meeting of the Company to the shareholders on matters within its mandate.

The role of the SEC has been expanded by King IV™ in that the Committee has to have an oversight of the management of ethics within the Company, as well as the socially responsible aspects of the remuneration policy. The King IV™ outcomes have to be taken into account by the SEC when evaluating instances within its mandate, specifically:

- Ethical culture;
- Performance and value creation;

- Adequate and effective control; and
- Trust, good reputation and legitimacy.

The SEC monitors the activities of Hulisani in the fulfilment of its duties and responsibilities to ensure that the Company remains a good corporate citizen. This is done by monitoring the sustainable development practices of Hulisani, thereby assisting the Board in achieving one of its values of doing business ethically.

The SEC is chaired by Noluthando Gosa (an independent non-executive director). Other members of the committee include Patilizwe Mdoda and Malungelo Zilimbola (independent non-executive directors). The Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, and the Head of Legal and Compliance have a standing invitation to the SEC meetings.

The Board approved the membership of the SEC and I was appointed as Chairperson.

The SEC's activities are governed by a Charter (SEC Charter) that complies with the Companies Act and King IV™ requirements and has been approved by the Board. The SEC Charter is subject to an annual review by the SEC. The SEC is continuously consulted to advise and give input on matters relating to its mandate when potential acquisitions are considered by Hulisani.

Duties

In certain cases, the SEC's work overlaps with that of other Board committees. In such cases, the primary role of the SEC is to ensure that the Company has the relevant policies in place, whereas it is the role of other Board committees to monitor compliance.

The monitoring areas of the SEC are summarised as follows:

1. Social and Economic Development, with a focus on:

- the United Nations Global Compact Principles. The ten universally accepted principles focus on human and labour rights, environmental responsibility and anti-corruption;
- the Organisation for Economic Co-operation and Development recommendations regarding corruption;
- the prescripts of the Employment Equity Act; and
- the Broad Based Black Economic Empowerment Act.

2. Good corporate citizenship, ensuring that the Company:

- promotes equality, prevents unfair discrimination and reduces corruption; and
- partakes in community development and keeps records of sponsorship donations and charitable donations.

3. Considers the environmental, health and safety concerns with a focus on the impact of the Company's activities on its products or services;

4. Consumer relations taking into consideration the Company's advertising, public relations and compliance with consumer protection laws.

5. Labour and Employment - this relates to the Company's standing in relation to the International Labour Organisation Protocol on decent work and working conditions; and educational development of employees.

As part of our duties, we reviewed Hulisani's progress in addressing the requirements of the UN Global Compact Principles and the OECD Guidelines; as well as Hulisani's Performance and Strategy in terms of sustainable development as it relates to:

- Socio and Economic Development;
- Corporate Social Investment;
- Broad Based Black Economic Empowerment;
- Stakeholder Relations;
- Health and Safety;
- Labour Relations, including Employment Equity;
- Management of HULISANI's environmental impacts.

Human rights are central to Hulisani's legitimacy and are principally addressed in the Code of Conduct and Ethics.

Hulisani complies with the Employment Equity Act, 1998 and has implemented Employment Equity Policies that are inclusive of race, gender and people living with disabilities. The one area of employment equity which Hulisani is addressing and will continue to address as a matter of urgency is the employment of people living with disabilities. As and when job opportunities become available within Hulisani, people living with disabilities will be prioritised when seeking suitably qualified candidates.

We can confirm that there is no child, forced or compulsory labour at Hulisani.

A process is underway internally at Hulisani to implement an environmental, social and governance framework to be complied with at the holding company level and through its investee companies. The framework is to be presented to the SEC for approval within the next financial year, prior to the adoption and implementation of the policy.

Corporate Social Investment Strategy

The executive team at Hulisani is in the process of drafting a corporate social investment strategy and allocating a budget towards the funding of community programmes and initiatives. The aim of the strategy will be to contribute towards the upliftment and the improvement of previously disadvantaged communities within which Hulisani operates.

Conclusion

The Social and Ethics Committee is satisfied that it operated in terms of its Board-approved charter during the year under review. No items were reported that would indicate non-compliance with legislation and regulations relevant to the areas within the SEC Charter. The SEC has no reason to believe that any such non-compliance has occurred.



CHAIRPERSON OF SEC

N Gosa

Non-Executive Director