

## **ASTRAL FOODS LIMITED**

### **SOCIAL AND ETHICS COMMITTEE MANDATE AND TERMS OF REFERENCE**

*References to “the Committee” shall mean the Company’s Social and Ethics Committee.*

*References to “the Board” shall mean the Company’s board of directors.*

*References to “Astral” or “the Company” shall mean Astral Foods Limited and its subsidiary companies as contemplated in the Companies Act, 2008.*

#### **1. Introduction**

The Committee is a Board committee of Astral in terms of Section 72 (4) and regulation 43 (2) of the Companies Act, 2008, (“the Companies Act”) and is a committee of the board in respect of all other duties assigned to it by the board.

The duties and responsibilities of the members of the Committee as set out in this mandate and terms of reference are in addition to those duties and responsibilities that they have as members of the board. The deliberations of the Committee do not reduce the individual and collective responsibilities of the Board in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.

This mandate and terms of reference are subject to the provisions of the Companies Act, the Company’s Memorandum of Incorporation and any other applicable law or regulatory provision.

#### **2. Mandate**

- 2.1 To monitor the company’s activities with regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
  - social and economic development;
  - responsible corporate citizenship;
  - the environment, health and public safety;
  - consumer responsibility;
  - labour and employment;
  - organisational ethics; and
  - workplace productivity.
- 2.2 To draw matters within its mandate to the attention of the Board as occasion requires; and
- 2.3 To report, through one of its members, to shareholders at the company’s annual general meeting on the matters within its mandate.

### **3. Membership and quorum**

The Committee, to be elected by the Board, shall comprise a Chairman and minimum of two other members. The committee should have executive and non-executive members with a majority being non-executive members of the company. The quorum shall be a majority of the members elected. The Board shall appoint the Chairman and will determine the period for which he or she shall hold office.

A member of the committee shall, in the event that he/she ceases for whatsoever reasons to be a director of the Company, also resign as a member of the Committee. Notwithstanding anything to the contrary contained herein, the board shall have the power at all times to remove any member from the Committee and to fill any vacancies created by such removal. The board must fill vacancies on the committee within 40 business days after the vacancy arises. The independence of members is considered in the board charter

### **4. Attendance at meetings**

The company secretary of the board shall be the secretary of the 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.

### **5. Frequency of meetings, agenda and minutes**

Meetings shall be held not less than twice per annum. These meetings should preferably take place before Board meetings:

- a) Once in March/April each year to receive reports from various stakeholders on the compliance to legal requirements and best practices.;
- b) Once in November of each year to prepare a report to the Board and Annual General Meeting held in February each year.

Meetings in addition to those scheduled may, with approval of the chairman, be held at the request of the other members of the Committee or senior management or at the instance of the board.

The committee must 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 must ensure proper coverage of the matters laid out in the committee's mandate and terms of reference. All matters within the mandate of the committee need to be attended to during the annual cycle committee meetings. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the committee and any other person required to attend, at least 7 days prior to each meeting.

Members and/or invitees of the committee may participate in and act at any meeting of the committee through the use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting by the person or persons so participating.

## 6. Authority

The committee has decision making authority in regard to its duties and is accountable in this respect to both the board and the shareholders. To this end the chairman of the committee must be present at all annual general meetings (AGM's) to answer questions, through the chairman of the Board, on the report on the committee's activities and matters within the scope of the committee's responsibilities. On all responsibilities delegated to it by the Board outside of its duties, the committee makes recommendations for approval by the board.

The committee, in the fulfilment of its duties, may call upon the chairman of the other board committees, any of the executive directors, company officers, company secretary, other company employees or assurance providers to provide it with information, subject to a board approved process.

The committee has reasonable access to the company's records, facilities, employees and any other resources necessary to discharge its duties and responsibilities subject to following a board approved process.

The committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to a board approved process being followed.

## 7. Responsibilities

The main responsibility of the committee centres on monitoring the company's adherence to ethical behaviour and compliance to relevant legal requirements and best practice.

### a) Social and economic development

*The committee will monitor and report on the company's role in 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 (see Annexure A)<sup>1</sup>; and*
- (bb) the OECD recommendations regarding corruption;*
- (cc) the Employment Equity Act; and*
- (dd) the Broad-Based Black Economic Empowerment Act;*

### b) Responsible corporate citizenship

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<sup>1</sup> It is noteworthy that the ten UN principles cover not only this sub section, but also the sub sections on environment and labour.

*The committee will monitor and report on the level of the company's corporate citizenship, including the:*

*(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.*

**c) Environmental, health and public safety matters**

*The committee will monitor and report on the company's compliance with regard to legislation and regulations on the environment, health and public safety, including the impact of the company's activities and of its products or services.*

**d) Consumer responsibility**

*The committee will monitor and report on the company's responsibility with its consumers, including the company's advertising, public relations and compliance with consumer protection law.*

**e) Labour and employment matters**

*The committee will monitor and report on the company's labour and employment matters, including:*

*(aa) the company's standing in terms of the International Labour Organization Guidance on decent work and working conditions;*

*(bb) the company's employment relationships, and its contribution toward the educational development of its employees.*

**f) Organisational Ethics**

The committee should ensure that the ethics of the organisation is managed in a way that supports the establishment of an ethical culture, including:

- leadership demonstrating support for ethics throughout the organisation;
- setting a strategy for managing ethics that is informed by the negative and positive ethics risks the company faces;
- articulating ethical standards in a code of ethics and supporting documents;
- ensuring that structures, systems and processes are in place to familiarise the board, employees and supply chains with the organisation's ethical standards;
- monitoring adherence to the organisation's ethical standards by all contracted stakeholders;
- making ethics a criterion in the selection, promotion and performance management of staff and suppliers;
- making ethics a criterion to ensure fair and transparent TAX practices, fair remuneration and stakeholder relations
- providing reporting mechanisms for safe reporting of unethical behavior;
- responding to breaches of ethical standards in a manner that will prevent reoccurrence;
- including ethics management performance surveys;
- reporting on the organisation's ethics performance in the organisation's integrated annual report; and
- evaluating the extent to which ethics has become part of the corporate culture.

### **g) Workplace productivity**

This element is monitored and reported on through the 20 Keys Workplace Improvement Programme.

## **8. Reporting**

The chairman of the committee shall report on the findings and recommendations of the committee to the board after each committee meeting.

Supporting schedules and information reviewed by the committee will be available for examination by any director upon request to the Secretary.

As stipulated in the regulations, one of the members of the committee (preferably the chairperson) will report to the Annual General Meeting of the shareholders of the company.

## **9. Review and assessment**

- 9.1 The committee's activities and effectiveness should be assessed annually and reviewed by the Board.
- 9.2 This mandate and terms of reference will be reviewed annually and amended as and when required, subject to the approval of the Board.

## **ANNEXURE A: The United Nations Global Compact Principles**

### **The Ten Principles**

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- [The Universal Declaration of Human Rights](#)
- [The International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#)
- [The Rio Declaration on Environment and Development](#)
- [The United Nations Convention Against Corruption](#)

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

### **Human Rights**

- [Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights; and
- [Principle 2](#): make sure that they are not complicit in human rights abuses.

## Labour

- [Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- [Principle 4](#): the elimination of all forms of forced and compulsory labour;
- [Principle 5](#): the effective abolition of child labour; and
- [Principle 6](#): the elimination of discrimination in respect of employment and occupation.

## Environment

- [Principle 7](#): Businesses should support a precautionary approach to environmental challenges;
- [Principle 8](#): undertake initiatives to promote greater environmental responsibility; and
- [Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

## Anti-Corruption

- [Principle 10](#): Businesses should work against corruption in all its forms, including extortion and bribery.