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**TERMS OF REFERENCE**  
**SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE OF THE BOARD**

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## INTRODUCTION

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The Social, Ethics and Transformation Committee (SETC or ‘the Committee’) is constituted as a Committee of the Board of Directors (Board) of MMI Holdings Limited (“MMI Holdings”), and is accountable to the Board. In the context of this document, “Company” means MMI Holdings, its subsidiaries, and all Business divisions and units, collectively also referred to as “the Group” or “MMI group of companies”.

The Board has delegated responsibilities to this Committee which authority may be withdrawn or amended by the Board at any time.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 duties and responsibilities of the members of the Committee are in addition to those as members of the Board, as 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, and they must continue to exercise due care, skill and judgment in accordance with their legal and statutory obligations.

These Terms of Reference are subject to the provisions of the Companies Act, the Company’s Constitution and any other applicable laws, regulatory and supervisory provisions, corporate governance principles, codes and best practices.

### **1. MANDATE IN RESPECT OF SUBSIDIARIES**

- 2.1 The Committee is appointed to act on behalf of MMI group of companies as a whole, except to the extent restricted or precluded by law.
- 2.2 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 these Terms of Reference, 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 these Terms of Reference.
- 2.3 In the process of delegation, full cognisance shall be taken of the particular governance structure of MMI Group in order to prevent duplication of functions between various committees as far as possible.
- 2.4 Furthermore, any issue that comes to the attention of any of the MMI committees or sub-committees and which, in their opinion, may materially impact on the Company’s transformation strategy and/or position, processes and systems should be reported to the Committee as soon as such other committee becomes aware of the issue.
- 2.5 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.

### **2. PURPOSE OF THE TERMS OF REFERENCE**

The purpose of these Terms of Reference is to set out the Social, Ethics and Transformation Committee’s scope, role and responsibilities as well as the requirements for its composition and meeting procedures.

### 3. COMPOSITION OF THE COMMITTEE

- 4.1 The Committee will comprise of at least three members and/or prescribed officers.
- 4.2 The members of the Committee shall be executive and non-executive directors, of whom the majority will be non-executive. Members may also include prescribed officers.
- 4.3 The Chairperson and members of this Committee shall be appointed by the Board, or its duly mandated Board Committee. Any change to the composition of the Committee shall be considered and approved by the Board, or its duly mandated Board Committee.
- 4.4 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.
- 4.5 The MMI Company Secretary, or any other person appointed by the MMI Board, duly mandated Board Committee, or the Social, Ethics and Transformation Committee, shall be the secretary to the Committee.
- 4.6 The Chairperson or his/her alternate shall attend the Annual General Meeting to answer questions concerning matters falling within the ambit of the Committee.

### 4. ROLE

- 5.1 The Committee has an independent oversight role, and makes recommendations to the Board for its consideration and final approval, taking into account the input from executive management.
- 5.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.
- 5.3 The role of the Committee in relation to **Transformation matters**, is to assist the Board with the following:
  - a. To oversee the establishment of, and monitor and report on, the implementation of a transformation strategy within the Group. In doing so, it will also include the following:
    - Promote transparency and disclosure regarding the Company's transformation objectives and activities.
    - Monitor implementation of initiatives in the use of suppliers from designated groups.
  - b. 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, social and ethics matters, 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:
  - a. To perform the role and function of a Social and Ethics Committee as provided for in the Companies Act, 2008 read with its Regulation (and as amended from time to time). The mandate is threefold:
    - the committee has to monitor whether the company complies with relevant social, ethical and legal requirements and best practice codes;
    - the Committee has to bring to the attention of the board any relevant matters within the scope of its mandate; and

- The Committee has to report to shareholders on matters that fall within the scope of its mandate.
- b. To engage any other Board committees, particularly the Fair Practices Committee and the Risk 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 regularly to the SETC on their activities. The Company Secretary shall keep a written record of the engagement of other committee/s assisting the SETC, in this regard.
- 5.5 The Company's contribution to social and economic transformation and upliftment within South Africa is the primary focus of this Committee. 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.
  - 5.6 In meeting its responsibilities and fulfilling its role, the Committee will also be guided by the Company's strategy.
  - 5.7 To perform their role effectively, the members shall have access to all relevant issues, especially the Company's transformation strategy, social and ethics strategy as prescribed from time to time, and the responsibility of the Committee. The members' own knowledge and experience should play a significant role in helping to provide strategic guidance to the Company on these matters.
  - 5.8 To approve and provide oversight of the Company's sustainability strategy, including environmental issues.

## 5. RESPONSIBILITIES

The members will perform all the functions as is necessary to fulfil its role as stated above, including but not limited to the following:

### In relation to Transformation:

- 6.1 Review the strategy to be adopted by the Company in support of the Company's strategic objectives in relation to transformation. These would include the strategy on:
  - a. Skills Development;
  - b. Enterprise and Supplier Development including Preferential Procurement with firm focus on use of suppliers from designated groups;
  - c. Employment Equity; and
  - d. Corporate Social Investment;
- 6.2 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.
- 6.3 Review the Company's transformation strategy to ensure that it is in line with any current legislation and make recommendations to the Board.
- 6.4 Monitor that disclosure practices regarding transformation and effective consultation with stakeholders including staff and their representatives, communities, etc. are in place in this context.

- 6.5 Review specific areas where levels of transformation are unsatisfactory and recommend corrective strategies.
- 6.6 Report regularly to the Board to assist them in ensuring adherence to both the code and the Company's objectives.
- 6.7 Review management's performance against pre-set transformation objectives. The Committee will use these mechanisms for effective assessment of:
- The balanced scorecard;
  - The business plans for the company and for individual businesses;
  - The empowerment index; and
  - Any other legal or relevant requirement.
- 6.8 Regularly update the Board about Committee activities and make appropriate recommendations. In particular, the Committee shall report on its activities in the Company's Integrated Annual Report and should include its Terms of Reference, its membership details, the number of meetings held, major decisions taken, and recommendations to the Board.
- 6.9 Approve the Employment Equity Plan, as recommended by the Transformation executive management, after taking into account and receiving comfort that a robust internal review process was followed within the divisions.
- 6.10 Ratify the verification agency employed by the Company to verify progress on transformation, after obtaining assurance that the Transformation executive management was involved in the appointment process of the verification agency.

**In relation to Social and Ethics matters:**

- 6.11 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 following matters :

- The 10 principles set out in the United Nations Global Compact Principles, being –

Human Rights

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|-------------|--|
| Principle 1 | Business 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

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|-------------|--|
| Principle 3 | Business 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 | Business 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 Business should work against corruption in all its forms, including extortion and bribery.

- b. Good corporate citizenship, including the company's:
  - (i) Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - (ii) Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
  - (iii) Record of sponsorship, donations and charitable giving.
- c. The environment, health and public safety, including the impact of the company's activities and of its products or services;
- d. Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
- e. Labour and employment, including:
  - (i) The company's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
  - (ii) The company's employment relationships, and its contribution toward the educational development of its employees;
- f. Monitor the effective management of the Company's ethics through the following:
  - (i) Leadership demonstrating support for ethics throughout the company;
  - (ii) Articulating ethical standards in a Code of Ethics;
  - (iii) 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
  - (iv) Embedding ethics in the corporate culture

**In relation to reporting requirements:**

- 6.12 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.
- 6.13 To report on matters within its mandate to shareholders at the company's annual general meeting

**Other Responsibilities**

- 6.14 Requesting and considering any additional information necessary to fulfil the functions of the Committee.
- 6.15 Performing any other functions as requested by the Board, provided that those functions are not management functions.
- 6.16 Performing responsibilities as required by relevant Board approved policies, including the review and approval of such policies

**6. IMPLEMENTATION**

The responsibility for the implementation of strategies to achieve the transformation objectives rests with executive management.

## **7. AUTHORITY**

- 8.1 The Committee in the fulfilment of its role and responsibilities:
- a. Will act in terms of the delegated authority of the Board as recorded in these Terms of Reference.
  - b. Has the power to pursue and investigate any activity within the scope of these Terms of Reference.
  - c. May call upon the Chairperson 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.
  - d. Has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
  - e. May form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.
  - f. 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.
  - g. Shall 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.
  - h. To receive all notices of and other communication relating to any general shareholders meeting

## **8. MEETINGS AND PROCEDURES**

### **9.1 Frequency**

- a. The Committee will have a minimum of 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.
- b. Meetings in addition to those scheduled may be held at the request of the Chief Executive Officer, the Chairperson himself or on request from a member of the Committee with consent of the Chairperson, or at the instance of the Board, after consultation with the Chairperson of the Committee.
- c. The Chairperson of the Committee may meet with the Chief Executive Officer, Group Executive for Transformation and/ or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.
- d. The Company Secretary or his/her delegate is the secretary to this Committee
- e. A schedule of regular meetings shall be provided to the members at the beginning of each year.
- f. Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the relevant Company's Constitution that regulates the meetings and proceedings of Committees.

- g. A meeting may be conducted by way of electronic media such as video or telephone conferencing.
- h. 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:
  - (i) An appropriate memorandum must be prepared, addressing the relevant background facts and setting out the proposed resolution;
  - (ii) The Committee secretary must e-mail or fax the documentation to each member and advise the members of the time and date when a written response is required;
  - (iii) For a decision to be legitimately taken by round robin procedure, the support of the majority of members (of whom at least half should be non-executive) is required in writing and signed by them (and for the purposes of this procedure, communication per fax and/or 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;
  - (iv) 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. The Committee secretary must also record the decision in the minute book.

## 9.2 Attendance

- a. The Chairperson may invite any member of staff from MMI, or its subsidiaries, or any Division, including external professional advisors, to Committee meetings as and when required, provided that a Board approved process is followed. Invitees to meetings attend by invitation only and they may not vote on matters at the meeting.
- b. 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 Chairperson or Committee secretary.
- c. If the nominated Chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairperson for that meeting.

## 9.3 Agenda and Minutes

- a. 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.
- b. 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.
- c. Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- d. The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chairperson for review thereof. The minutes will be formally approved by the Committee at its next scheduled meeting.



**9.4 Quorum and voting**

- a. A quorum for meetings shall be a simple majority of members present, namely 50% (fifty percent) + one member;
- b. Members who are not directors of MMI form part of the quorum for Committee meetings and shall participate in all discussions at meetings. However, these members shall have no voting rights where decisions are to be voted on;
- c. 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; and
- d. 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**

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

**10. EVALUATION**

The Board, and each member of the Committee, will perform an evaluation of the effectiveness of the Committee annually.

**11. REVIEW**

This terms of reference shall be reviewed annually by Company Secretarial and where deemed necessary shall be submitted for the necessary reviews and approval.