



SOCIAL AND ETHICS COMMITTEE CHARTER

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1 INTRODUCTION

- 1.1 The Social and Ethics Committee ("SEC") of Quantum Foods Holdings Limited ("Quantum" or the "Company") is constituted as a committee of the board ("Board") of directors ("Directors") of the Company.
- 1.2 The SEC's mandate extends to the Company and all subsidiaries of the Company who are required to have a social and ethics committee ("Quantum Foods Group") (excluding any subsidiary which has its own social and ethics committee) and, save where the context requires otherwise, any reference in this Charter to the Company shall be deemed to include a reference to each such subsidiary.
- 1.3 The duties and responsibilities of the members of the SEC as set out in this Charter are in addition to those as Directors or Prescribed Officers, if applicable. The deliberations of the SEC do not reduce the individual and collective responsibilities of the members 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.
- 1.4 This Charter is subject to the provisions of the Companies Act, No 71 of 2008 ("Companies Act"), the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

2 PURPOSE

The purpose of this Charter is to set out the SEC's role and responsibilities as well as the requirements for its composition and meeting procedures.

3 COMPOSITION

- 3.1 The SEC comprises not less than 3 (three) members appointed by the Board, who are Directors or Prescribed Officers of the Company, provided that the majority of the members of the Committee shall be independent non-executive directors.
- 3.2 The Chairperson of the Board may be a member of the committee but may not chair its meetings.
- 3.3 The SEC shall be chaired by such member as may be determined by the Board from time to time.

- 3.4 The members of the SEC as a whole must have sufficient qualifications and experience to fulfil their duties, as contemplated in this Charter.
- 3.5 The Board shall have the power at any time to remove any member from the SEC who has been appointed by the Board and to fill any vacancy created by such removal.
- 3.6 The office of a member of the SEC shall be vacated if –
- 3.6.1 he or she resigns his or her office by written notice to the Board and the remaining members of the SEC; or
- 3.6.2 he or she –
- 3.6.2.1 is removed by the Board as a member of the SEC; or
- 3.6.2.2 ceases to be a Director or Prescribed Officer of the Company, as the case may be.

4 RESPONSIBILITIES AND FUNCTIONS

The SEC must perform the following functions:-

- 4.1 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 –
- 4.1.1 social and economic development, including the Company's standing in terms of the goals and purposes of –
- 4.1.1.1 the 10 (ten) principles set out in the United Nations Global Compact Principles, being –
- Human Rights*
- Businesses should -
- 4.1.1.1.1 Principle 1: support and respect the protection of internationally proclaimed human rights; and
- 4.1.1.1.2 Principle 2: make sure that they are not complicit in human rights abuses;
- Labour*
- Businesses should -
- 4.1.1.1.3 Principle 3: uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4.1.1.1.4 Principle 4: eliminate all forms of forced and compulsory labour;
- 4.1.1.1.5 Principle 5: effectively abolish child labour; and
- 4.1.1.1.6 Principle 6: eliminate discrimination in respect of employment and occupation;
- 4.1.1.2 *Environment*
- Businesses should -
- 4.1.1.2.1 Principle 7: support a precautionary approach to environmental challenges;
- 4.1.1.2.2 Principle 8: undertake initiatives to promote greater environmental responsibility; and

- 4.1.1.2.3 Principle 9: encourage the development and diffusion of environmentally friendly technologies;
- Anti-Corruption*
- 4.1.1.2.4 Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery;
- 4.1.1.3 the Organisation of Economic Co-Operation and Development ("**OECD**") recommendations regarding corruption, which include –
- 4.1.1.3.1 the development and adoption of adequate internal controls, ethics and compliance programmes or measures for the purpose of preventing and detecting bribery;
- 4.1.1.3.2 the making of statements in the Company's annual reports or otherwise public disclosure of internal controls, ethics and compliance programmes or measures (including those which contribute to preventing and detecting bribery) adopted by the Company;
- 4.1.1.3.3 the provision of channels for communication by, and protection of, persons not willing to violate professional standards or ethics under instructions or pressure from hierarchical superiors, as well as for persons willing to report breaches of the law or professional standards or ethics occurring within the Company in good faith and on reasonable grounds, and the taking of appropriate action (including the making of recommendations to the Board) based on such reporting;
- 4.1.1.3.4 internal monitoring of the Company's implementation of the OECD "Good practice guidance on internal controls, ethics, and compliance" a copy of which is annexed hereto as **Annexure 1**;
- 4.1.1.4 the Employment Equity Act, No 55 of 1998, the goals of which include –
- 4.1.1.4.1 promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
- 4.1.1.4.2 implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the Company; and
- 4.1.1.5 the Broad-Based Black Economic Empowerment Act, No 53 of 2003 as amended, the goals of which include –
- 4.1.1.5.1 promoting economic transformation in order to enable meaningful participation of black people in the economy;
- 4.1.1.5.2 achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises;
- 4.1.1.5.3 increasing the extent to which communities, workers, cooperatives and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training;
- 4.1.1.5.4 increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training;
- 4.1.1.5.5 promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity;

- 4.1.1.5.6 empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills; and
- 4.1.1.6 promoting access to finance for black economic empowerment; and
- 4.1.2 good corporate citizenship, including the Company's –
 - 4.1.2.1 promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - 4.1.2.2 contribution to development of the communities in which the Company's activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - 4.1.2.3 record of sponsorship, donations and charitable giving;
- 4.1.3 the environment, health and public safety, including the impact of the Company's activities and of its products or services;
- 4.1.4 consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and
- 4.1.5 labour and employment, including –
 - 4.1.5.1 the Company's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
 - 4.1.5.2 the Company's employment relationships, and its contribution toward the educational development of its employees;
- 4.2 to draw matters within its mandate to the attention of the Board as occasion requires; and
- 4.3 to report, through one of its members, to the Shareholders at the Company's annual general meeting on the matters within its mandate.

5 AUTHORITY AND POWERS

- 5.1 The SEC acts in terms of the authority granted to the SEC in terms of the Companies Act and the regulations in terms of the Companies Act. It has the power to investigate any activity within the scope of this Charter.
- 5.2 The SEC is entitled to –
 - 5.2.1 require from any Director or Prescribed Officer of the Company any information or explanation necessary for the performance of the SEC's functions;
 - 5.2.2 request from any employee of the Company any information or explanation necessary for the performance of the SEC's functions;
 - 5.2.3 attend any general Shareholders' meeting;
 - 5.2.4 receive all notices of and other communications relating to any general Shareholders' meeting; and
 - 5.2.5 be heard at any general SEC's functions.
- 5.3 The Company shall pay all the expenses reasonably incurred by the SEC, including, if the SEC considers it appropriate, the costs or the fees of any consultant or specialist engaged by the SEC in the performance of its functions.
- 5.4 The SEC may form, and delegate authority to, sub-committees and may delegate authority to one or more designated members of the SEC.

- 5.5 The SEC will make recommendations to the Board that it deems appropriate on any area within the ambit of this Charter where action or improvement is required.

6 MEETINGS AND PROCEDURES

6.1 Frequency

- 6.1.1 The SEC must hold such number of scheduled meetings as is required in order to discharge all its duties as set out in this Charter, but subject to a minimum of 2 (two) meetings per financial year.
- 6.1.2 Meetings in addition to those scheduled may be held at the request of any member of the SEC or at the instance of the Board.

6.2 Attendance

- 6.2.1 The SEC may invite such other persons to attend any meeting of the SEC, or part thereof, as the SEC may reasonably deem necessary or desirable, provided that such invitees will have the right to speak at the meeting, but not to vote.
- 6.2.2 SEC members must attend all scheduled meetings of the SEC, including meetings called on an *ad hoc* basis for special matters, unless prior apology, with reasons, has been submitted to the chairperson of the SEC or the company secretary.
- 6.2.3 The company secretary of Quantum will be the secretary of the Committee.
- 6.2.4 If the appointed chairperson of the SEC is absent from a meeting, the members present must elect one of the members present to act as chairperson.

6.3 Notices of meetings

The Board may determine the manner and form of providing notice of the meetings of the SEC.

6.4 Agenda and Minutes

- 6.4.1 The SEC must establish an annual work plan for each financial year to ensure that all the relevant matters are covered by the agendas of the meetings planned for the year.
- 6.4.2 A detailed agenda, together with supporting documentation, must be circulated, at least 5 (five) business days prior to each meeting to the members of SEC and other invitees.
- 6.4.3 SEC members must be fully prepared for SEC meetings to be able to provide appropriate and constructive input on matters for discussion.
- 6.4.4 The minutes must be completed as soon as possible after the meeting and circulated to the chairperson and members of the SEC for review thereof. The minutes must be formally approved by the SEC at its next scheduled meeting.

6.5 Quorum

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

6.6 Decisions

All decisions to be taken by the SEC will be taken by a majority of the members of the SEC present and voting on the relevant matter.

7 EVALUATION

The Board must perform an evaluation of the effectiveness of the SEC at the end of every financial year.

8 APPROVAL OF THIS CHARTER

This Charter was approved by resolution of the Board on 29 July 2014 and will be due for review every second year thereafter.

Reviewed: 11/11/2016

Reviewed 08/08/2017

Reviewed 27/11/2018



Good Practice Guidance on Internal Controls, Ethics, and Compliance

Adopted 18 February 2010

This Good Practice Guidance was adopted by the OECD Council as an integral part of the *Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions* of 26 November 2009.



ANNEX II

GOOD PRACTICE GUIDANCE ON INTERNAL CONTROLS, ETHICS, AND COMPLIANCE

This Good Practice Guidance acknowledges the relevant findings and recommendations of the Working Group on Bribery in International Business Transactions in its programme of systematic follow-up to monitor and promote the full implementation of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (hereinafter “OECD Anti-Bribery Convention”); contributions from the private sector and civil society through the Working Group on Bribery’s consultations on its review of the OECD anti-bribery instruments; and previous work on preventing and detecting bribery in business by the OECD as well as international private sector and civil society bodies.

Introduction

This Good Practice Guidance (hereinafter “Guidance”) is addressed to companies for establishing and ensuring the effectiveness of internal controls, ethics, and compliance programmes or measures for preventing and detecting the bribery of foreign public officials in their international business transactions (hereinafter “foreign bribery”), and to business organisations and professional associations, which play an essential role in assisting companies in these efforts. It recognises that to be effective, such programmes or measures should be interconnected with a company’s overall compliance framework. It is intended to serve as non-legally binding guidance to companies in establishing effective internal controls, ethics, and compliance programmes or measures for preventing and detecting foreign bribery.

This Guidance is flexible, and intended to be adapted by companies, in particular small and medium sized enterprises (hereinafter “SMEs”), according to their individual circumstances, including their size, type, legal structure and geographical and industrial sector of operation, as well as the jurisdictional and other basic legal principles under which they operate.

A) Good Practice Guidance for Companies

Effective internal controls, ethics, and compliance programmes or measures for preventing and detecting foreign bribery should be developed on the basis of a risk assessment addressing the individual circumstances of a company, in particular the foreign bribery risks facing the company (such as its geographical and industrial sector of operation). Such circumstances and risks should be regularly monitored, re-assessed, and adapted as necessary to ensure the continued effectiveness of the company’s internal controls, ethics, and compliance programme or measures.

Companies should consider, *inter alia*, the following good practices for ensuring effective internal controls, ethics, and compliance programmes or measures for the purpose of preventing and detecting foreign bribery:

1. strong, explicit and visible support and commitment from senior management to the company's internal controls, ethics and compliance programmes or measures for preventing and detecting foreign bribery;
2. a clearly articulated and visible corporate policy prohibiting foreign bribery;

3. compliance with this prohibition and the related internal controls, ethics, and compliance programmes or measures is the duty of individuals at all levels of the company;
4. oversight of ethics and compliance programmes or measures regarding foreign bribery, including the authority to report matters directly to independent monitoring bodies such as internal audit committees of boards of directors or of supervisory boards, is the duty of one or more senior corporate officers, with an adequate level of autonomy from management, resources, and authority;
5. ethics and compliance programmes or measures designed to prevent and detect foreign bribery, applicable to all directors, officers, and employees, and applicable to all entities over which a company has effective control, including subsidiaries, on, *inter alia*, the following areas:
 - i) gifts;
 - ii) hospitality, entertainment and expenses;
 - iii) customer travel;
 - iv) political contributions;
 - v) charitable donations and sponsorships;
 - vi) facilitation payments; and
 - vii) solicitation and extortion;
6. ethics and compliance programmes or measures designed to prevent and detect foreign bribery applicable, where appropriate and subject to contractual arrangements, to third parties such as agents and other intermediaries, consultants, representatives, distributors, contractors and suppliers, consortia, and joint venture partners (hereinafter “business partners”), including, *inter alia*, the following essential elements:
 - i) properly documented risk-based due diligence pertaining to the hiring, as well as the appropriate and regular oversight of business partners;
 - ii) informing business partners of the company’s commitment to abiding by laws on the prohibitions against foreign bribery, and of the company’s ethics and compliance programme or measures for preventing and detecting such bribery; and
 - iii) seeking a reciprocal commitment from business partners.
7. a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts, to ensure that they cannot be used for the purpose of foreign bribery or hiding such bribery;
8. measures designed to ensure periodic communication, and documented training for all levels of the company, on the company’s ethics and compliance programme or measures regarding foreign bribery, as well as, where appropriate, for subsidiaries;
9. appropriate measures to encourage and provide positive support for the observance of ethics and compliance programmes or measures against foreign bribery, at all levels of the company;

10. appropriate disciplinary procedures to address, among other things, violations, at all levels of the company, of laws against foreign bribery, and the company's ethics and compliance programme or measures regarding foreign bribery;
11. effective measures for:
 - i) providing guidance and advice to directors, officers, employees, and, where appropriate, business partners, on complying with the company's ethics and compliance programme or measures, including when they need urgent advice on difficult situations in foreign jurisdictions;
 - ii) internal and where possible confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, business partners, not willing to violate professional standards or ethics under instructions or pressure from hierarchical superiors, as well as for directors, officers, employees, and, where appropriate, business partners, willing to report breaches of the law or professional standards or ethics occurring within the company, in good faith and on reasonable grounds; and
 - iii) undertaking appropriate action in response to such reports;
12. periodic reviews of the ethics and compliance programmes or measures, designed to evaluate and improve their effectiveness in preventing and detecting foreign bribery, taking into account relevant developments in the field, and evolving international and industry standards.

Actions by Business Organisations and Professional Associations

Business organisations and professional associations may play an essential role in assisting companies, in particular SMEs, in the development of effective internal control, ethics, and compliance programmes or measures for the purpose of preventing and detecting foreign bribery. Such support may include, *inter alia*:

1. dissemination of information on foreign bribery issues, including regarding relevant developments in international and regional forums, and access to relevant databases;
2. making training, prevention, due diligence, and other compliance tools available;
3. general advice on carrying out due diligence; and
4. general advice and support on resisting extortion and solicitation.