

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

The social, ethics and transformation committee is pleased to present its report to shareholders for the financial year ended 30 September 2017 in accordance with the requirements of the Companies Act.

The purpose of the report is to set out how the committee discharged its responsibilities in accordance with its mandate. The mandate of the committee is contained in formal terms of reference which are amended as necessary, approved by the committee and reviewed and approved by the board annually. The terms of reference guide the committee to perform its oversight role to ensure that the Group, as a responsible corporate citizen, conducts sustainable and ethical business and that its reputation is safeguarded.

Composition of the committee

The members of the committee for the year under review were as follows:

- LM Mojela (chairman – independent non-executive director) (Resigned as a non-executive director effective 25 January 2017)
- ME Nkeli (chairman – independent non-executive director) (Appointed as chairman of the committee effective 25 January 2017)
- Dr MP Ngatane (independent non-executive director)
- PJ Golesworthy (independent non-executive director) (Appointed as a member of the committee effective 25 January 2017)
- A Meyer (Group Chief Executive Officer – executive director) (Stepped down as Group Chief Executive Officer and executive director effective 30 June 2017)
- PP van der Westhuizen (Acting Group Chief Executive Officer and Group Chief Financial Officer – executive director) (Appointed as a member of the committee effective 26 July 2017)
- Dr NK Patel (Executive – healthcare services division – a non-voting member) (Resigned effective 4 March 2017)

Senior executives and functional heads attend meetings of the committee as appropriate. All members of management who present on various matters are experts on each of the disciplines or areas falling within the mandate of the committee specified in regulation 43(5) of the Companies Act. The Chairman of the board is a standing invitee.

The committee met three times during the year, and the proceedings of each meeting were reported to the board. Presentations that are made at the committee are also included in the board packs.

Responsibilities

The committee has a statutory responsibility to monitor the Group's activities in terms of the Companies Act with regard to matters relating to:

- social and economic development;
- good corporate citizenship;

- environment, health and public safety;
- consumer relationships; and
- labour and employment practices.

The committee has the responsibility to draw matters within its mandate to the attention of the board and to shareholders.

Functioning

During the financial year ended 30 September 2017, the key issues addressed by the committee included the following:

- The Group's code of ethics and the prevention of fraud, bribery and corrupt practices review and implementation
- Whistle-blowing arrangements and the resolution of tip-offs reported
- The environmental, health and public safety initiatives and progress against targets
- Health policy and pending legislation or recently enacted legislation that may have a potential material impact on the Group i.e. PoPI, and labour and employment equity legislation
- Performance against the B-BBEE scorecard and the monitoring of management's efforts to improve the Group's B-BBEE rating
- The Group's transformation strategy and review of the Group's transformation initiatives
- Employment equity targets for the southern Africa business and related progress
- Skills development programmes aimed at employees' education and the related progress
- Labour practices and policies adopted
- Corporate social initiatives including details of charitable donations
- Consumer relationships including the Group's advertising, public relations and compliance with consumer protection laws

Conclusion

The committee was pleased to note that the Group retained its position as a constituent of the FTSE/JSE Responsible Index based on the FTSE environmental, social and governance (ESG) rating. This achievement reinforces the committee's view that the Group takes its ESG responsibilities seriously. Based on its monitoring activities for the year, no substantive non-compliance with legislation and regulation relevant to the committee's mandate was raised. The committee is satisfied that it has discharged its responsibilities in accordance with its mandate for the year under review.



Mpho Nkeli

Chair: Social, ethics and transformation committee