

# Social, Ethics and Transformation Committee Shareholder Report

---

## **BACKGROUND**

The Social, Ethics and Transformation Committee was established in May 2012 in accordance with section 72 of the Companies Act, 71 of 2008 (Companies Act) and Regulation 43 as well as clause 8 of the board charter. This report is presented to the shareholders in accordance with Regulation 43(5)(c) of the Companies Regulations, 2011.

The Social, Ethics and Transformation Committee consists of three independent non-executive directors, two executive directors and three members of management. The three independent non-executive directors are not involved in the day to day management of the Company's business and have not been involved in the day to day management within the previous three financial years. Members of the Social, Ethics and Transformation committee are suitably skilled and experienced. The Committee is chaired by an independent non-executive director elected by the board, having regard to his relevant business and leadership skills, knowledge and experience relative to the Committee's mandate. Where necessary, at the discretion of the Committee, external advisors with appropriate skills may be appointed to supplement the skills of the Committee on an ad hoc basis. Such external advisors and invitees are not entitled to vote on matters before the Committee.

The Committee has also adopted terms of reference, which set out the Committee's role and responsibilities as well as the requirements for its constitution and meeting procedures. The duties and responsibilities of the members of the Social, Ethics and Transformation Committee as set out in the terms of reference are in addition to those that they have as members of the board or as prescribed officers. The deliberations of the Committee do not reduce the individual and collective responsibilities of members in regard to their fiduciary duties and responsibilities, and directors continue to exercise due care and judgement in accordance with their legal obligations.

## **COMMITTEE'S ACTIVITIES**

The primary role of the Committee is to guide, monitor, review and evaluate the Group's progress in respect of the mandate of the Committee as set out in regulation 43(5). This includes but is not limited to social and economic development, promotion of equality, prevention of unfair discrimination, reduction of corruption, and transformation. Insofar as transformation is concerned the Committee's responsibility is to ensure that the Group's BEE equity ownership maintained or enhanced with a view of being a good corporate citizen wherever the Group conducts business. The Committee, where necessary, has drawn matters within its mandate to the attention of the Board.

The Committee is currently in the process of developing and finalising strategy and plan of action, but in the meantime it has agreed on the following critical areas of focus in order that the Company be recognised as a responsible corporate citizen in the markets in which it operates:

- Maintain a BBBEE score of Level 3 as a BBBEE contributor
- Well-managed and robust ethics programme
- Benchmark each operating plant's health and safety performance
- Track and maintain data on environmental impact

- Maintain a stakeholder engagement matrix
- A Regulatory and legal compliance is geared at ensuring that Adcock Ingram is a respected corporate citizen in every market Adcock operates in,

The Committee has also been responsible for overseeing the successful implementation of the owner driver scheme which contributed to the Company's achievement of its BEE level 3 rating. The environment, health and safety report and the ethics report are standing items on the Committee's agenda. These reports deal with how the Company performs in relation to these activities as a responsible corporate citizen. The Committee also monitors the company's BBBEE and employment equity activities to ensure compliance with the Company's statutory obligations.

Prepared on behalf of the Social, Ethics and Transformation Committee by: Group Company Secretary

Date: December 2013