



SOCIAL & ETHICS COMMITTEE TERMS OF REFERENCE

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SOCIAL & ETHICS COMMITTEE

1. INTRODUCTION

The DBSA Social & Ethics Committee is constituted in terms of Section 10 of the DBSA Act, No 13 of 1997. The Committee operates in accordance with the King IV Code, the Companies Act, 2008, and any other applicable law or regulatory provision.

The Committee has an independent role with accountability to both the Board and the Shareholder. The Social & Ethics Committee is a statutory committee whose mandate covers governance matters and matters that impact the institution's reputation, and is also advisory in nature. The Committee does not assume the functions of management, which remains the role of executive directors, officers and other members of senior management.

2. PURPOSE OF TERMS OF REFERENCE

These TOR set out the authority and specific responsibilities of the Social & Ethics Committee and details the manner in which the Committee will operate.

3. AUTHORITY

The Committee acts in terms of Section 72(8) of the Companies Act and the delegated authority of the Board as defined, as recorded in these terms of reference.

The Committee has oversight of and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships.

The Committee acts in accordance with the delegated authority of the Board. In carrying out its mandate, the Social & Ethics Committee is authorised to have full, free and unrestricted access to all the relevant DBSA's activities, records, facilities, property, information and staff to execute its mandate subject to Board approved processes. The Committee in the fulfilment of its duties may call upon the Chairmen of the other Board committees, the executive directors, company officers, and company secretary or assurance providers to provide it with information subject to Board approved processes.

Pursuant to the provisions of Section 10 of the DBSA Act, as read with the regulations issued in terms of the Act, the Board authorises the Social & Ethics Committee within the scope of its responsibilities to investigate matters within its powers.

The Committee has the right to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and at the cost of the DBSA. Any such appointments should be made subject to the Board approved procedures.

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The Committee has decision-making authority in regard to its statutory duties and is accountable in this respect to both the Board and the Shareholder. On all responsibilities delegated to it by the Board, the Committee makes recommendations for approval by the Board.

4. COMPOSITION AND APPOINTMENT OF THE COMMITTEE

4.1 Members

The Social & Ethics Committee should comprise of a minimum of five (5) members, a majority of which shall be non-executive members of the Board. The CEO shall be a member of the Committee.

The members of the Committee shall be appointed by the Board. The members of the Committee must collectively have sufficient skills and experience to fulfill their duties.

Suitably qualified persons may be co-opted onto the Committee to render such specialist services as may be necessary to assist the Committee in its deliberations on any particular matter. In such instances such persons shall have no voting rights;

Given the overlap and synergies in the various committees of the Board there shall be a mechanism in place, through the composition of the Committee, to facilitate the interaction with other Committees; and

4.2 Chairman

The Board will appoint the Chairman of the SEC who shall be an independent non-executive member of the DBSA Board. In the event that the Chairman is not present at a meeting, the Social & Ethics Committee shall elect an acting chair from amongst the members, who shall be a non-executive director.

4.3 Attendance

The following functions: Ethics, Corporate Social Investment, Stakeholder Relations, Sustainability, Marketing, Transformation, Occupational Health & Safety, Human Capital, Risk and Legal, represented by the Group Executive and Specialist in that area, will have a standing invitation to attend meetings of the Committee, unless otherwise determined by the Chairperson of the Committee and they may not vote.

4.4 Secretary

The DBSA Corporate Secretary shall serve as the secretary to the Social & Ethics Committee and records of the deliberations of the Committee shall be maintained in accordance with the requirements of the DBSA Act.

5. QUORUM FOR MEETINGS

The quorum for meetings shall be a simple majority (51%) of members of the Social & Ethics Committee. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

6. RESPONSIBILITIES AND FUNCTIONS

King IV states that the role of the Social & Ethics Committee is that of oversight and reporting on organizational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. The Social & Ethics Committee should be seen to be progressing beyond mere compliance to contribute to the creation of value.

6.1 The Committee will govern the ethics of the organization in a way that supports the establishment of an ethical culture by;

6.1.1. The Committee must promote and monitor ethical behaviour of the employees, Board members and clients paying attention to the following aspects:

- Conflicts of interest
- Confidential information
- Compliance with relevant laws
- Workplace conduct
- Stakeholder relationships
- Public Communication
- Safeguarding of the company's assets
- Accuracy of company's financial information
- Employee wellness
- Business courtesies and gifts
- Non- compliance with prescripts
- Internal and external fraud
- Collusion

6.1.2. Provide oversight of the implementation of the Ethics Management Programme;

6.2. Monitor the Bank's activities, having regard to relevant legislation and codes of best practice, in respect of social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, sound labour and employment practices, results on supplier selection and breach management.

- a. the 10 principles set out in the United Nations Global Compact Principles;
- b. the OECD recommendations regarding corruption;
- c. the Employment Equity Act; and
- d. the Broad-Based Black Economic Empowerment Act;

6.3. Monitor on-going investigations and appeals;

6.4. Oversee and monitor the organisation's status as a good corporate citizen, including the –

6.4.1 Promotion of equality, prevention of unfair discrimination, and reduction [pro-actively strive for the elimination] of corruption;

6.4.2 Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and

6.4.3 Recording of sponsorship, donations and charitable giving;

6.4.4 The environment, health and public safety, including the impact of the activities of the Company and of its products or services;

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- 6.4.5 Consumer relationships, including advertising, public relations and compliance with consumer protection laws.
- 6.4.6 Labour and employment, including:
- the employment relationships, and contribution toward the educational development of its employees; and
 - the Company's standing in terms of the International Labour Organization Protocol on decent work and working conditions;
- 6.5. Report, through the Board, to the Shareholder on the matters within its mandate. The report may take the form of an oral report by the Chairperson or any other member of the Committee designated by the Committee to make such report; and

MEETINGS

6.1 Frequency and Attendance

- 6.1.1. The Committee shall meet at least four times per annum.
- 6.1.2. Special meetings of the Social & Ethics Committee may be convened as and when required. Special meetings shall be arranged by consultation between the Chairman and the Corporate Secretary.
- 6.1.3. A schedule of meetings approved by the Committee will be issued to all members of the Committee at the beginning of each financial year. The Corporate Secretary shall in consultation with the Chairperson of the Committee develop an annual plan highlighting the theme and objectives of each meeting in accordance with the mandate of the Committee.
- 6.1.4. Attendance to meetings shall be in person or via teleconference or video conference or any other acceptable form of digital presence.

6.2 Meeting Procedure

- 6.2.1. The Social & Ethics Committee discussions shall be open and constructive. The Chairman shall seek consensus in the Committee and may, where necessary, call for a vote. In the event of a matter being called for a vote, the voting threshold shall be a two-thirds majority (66.67%). Discussions and records shall remain confidential unless a specific directive is received from the Social & Ethics Committee to the contrary.
- 6.2.2. Except under exceptional circumstances, at least 5 working days' notice shall be given of a meeting of the Social & Ethics Committee. Such notices shall, where possible, include the agenda and any supporting papers.
- 6.2.3. Each Social & Ethics Committee member is responsible for being satisfied that, objectively, he/she has been furnished with all the relevant information and facts before making a decision.
- 6.2.4. Minutes of meetings shall be recorded by the Corporate Secretary and shall be circulated to all Social & Ethics Committee members within five working days of the relevant board meeting.
- 6.2.4.1. Minutes of all Social & Ethics Committee meetings shall record the proceedings and decisions taken, the details of which shall remain confidential.

7. ROUND ROBIN DECISIONS

The Chairman may request that certain issues be considered by way of round robin.

Decisions of the Committee shall be taken by the committee at a sitting, via a teleconference or any other acceptable form of digital presence in order to provide members of the

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Committee with an opportunity to sufficiently interrogate a particular issue in line with good corporate governance tenets. However, in exceptional circumstances and upon sufficient motivation to the Chairman of the Committee, round robin resolutions can be signed off. All such decisions shall require approval/support of all the members of the SEC and be subject to ratification at the subsequent meeting.

8. REPORTING TO THE BOARD OF DIRECTORS

The Chairman of the Committee shall present a Social and Ethics Committee report to the shareholders at the Annual General Meeting

9. EVALUATION OF THE EFFECTIVENESS OF THE SOCIAL & ETHICS COMMITTEE

- 9.1. The effectiveness evaluation of the Board Committees is the responsibility of the Board of Directors.

10. GENERAL

The Committee shall on an annual basis review the provisions of the Social & Ethics Committee's TOR herein to align with the legal and business environment, mandate of the Bank and overall responsibilities of the Board as dictated from time to time by the Shareholder.

These Terms of Reference of the Social & Ethics Committee as set out above were approved by the Board of Directors on:

6/02/2019
DATE


CHAIRMAN OF THE COMMITTEE

6.2.2019
DATE


CHAIRMAN OF THE BOARD