

# SOCIAL AND ETHICS COMMITTEE REPORT

## INTRODUCTION

As fully outlined in the Ethics section of the Corporate Governance Report on page 34, Cashbuild subscribes to the highest ethical standards of business practices and has a well-entrenched and defined business philosophy around its customers, staff, business partners, systems and finances. The philosophy is underpinned by the Company's vision, mission, and values, as well as "The Cashbuild Way". The Company is also guided by its Code of Ethics and the staff ethics awareness programme, both of which employees are expected to adhere to.

Cashbuild also promotes an inclusive approach to governance and takes account of the impact of its operations on stakeholders. The Company's approach to corporate governance strives to include all these groupings, and is based on good communication and is integrated into every aspect of the business

Central to this functionality is the Social and Ethics Committee ("SECOM"), which plays a pivotal role in assisting the Board in monitoring Cashbuild's performance as a good and responsible corporate citizen, taking the above into consideration.

This report is prepared in accordance with the requirements of the Companies Act and describes how SECOM has discharged its statutory duties in terms of the Companies Act and the additional duties assigned to it by the Board in respect of the financial year ended 30 June 2015.

The Sustainability Report is set out on pages 46 to 62 of this Integrated Report.

## MEMBERS

The composition of the Social and Ethics Committee is set out on page 25. Biographical details of the committee members are provided on pages 18 and 19 and the fees paid to the committee members are outlined on page 39.

## COMMITTEE MEETINGS

The committee held four meetings during the year under review. Attendance has been set out on page 28 of the Corporate Governance Report.

## FUNCTIONS OF THE COMMITTEE

### Introduction

SECOM's role and responsibilities are governed by Terms of Reference approved by the Board. These Terms of Reference are subject to an annual review by the committee and approval by the Board.

SECOM's main objective is to assist the Board in monitoring the Company's performance as a good and responsible corporate citizen, thereby helping the Board to achieve one of its important values, namely doing business ethically. To do this, SECOM monitors the sustainable development practices of the Company. It also monitors relevant legislation, legal requirements and prevailing codes of best practice relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment.

### Responsibilities and duties

SECOM is responsible for developing and reviewing the Company's policies with regard to its commitment to governance and reporting of sustainable development performance, as well as for making recommendations to management and/or the Board in this regard. During the year, SECOM reviewed and improved:

- the Company's Code of Business Conduct and Ethics;
- its Fraud Prevention Policy, including guidelines on Gifts;
- its Corporate Social Investment (CSI) Policy;
- its Occupational Health and Safety Policy;
- Its Public Relations and Investor Relations Policy; and
- Its Legislative Compliance.

The committee is also responsible for annually revising or determining, in conjunction with senior management, Cashbuild's material sustainability issues. These have been reported on and are set out in the Sustainability Report.



In the execution of its statutory duties, SECOM monitors the Company's activities, with regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- monitoring the Company's activities, with regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
  - Social and economic development, including the Company's standing in terms of the goals and purposes of:
    - The 10 principles set out in the United Nations Global Compact Principles;
    - The OECD (Organisation for Economic Co-operation and Development) recommendations regarding corruption;
    - the Employment Equity Act; and
    - the Broad-Based Black Economic Empowerment Act.
  - Good corporate citizenship, including the Company's:
    - promotion of equality, prevention of unfair discrimination and reduction of corruption;
    - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
    - record of sponsorships, donations and charitable giving.
  - The environment, health and public safety, including the impact of the Company's activities and of its products or services.
  - Stakeholder engagement and consumer relationships, including the Company's advertising, public relations, investor relations and compliance with consumer protection laws.
  - Labour and employment, including:
    - the Company's standing in terms of the International Labour Organisation protocol on decent work and working conditions; and
    - the Company's employment relationships, and its contribution towards the educational development of its employees.

On occasion, the committee will draw matters within its mandate to the attention of the Board and reports to the shareholders at the Annual General Meeting on the matters within its mandate.

### Assessment

SECOM is satisfied that it has fulfilled all its duties during the year under review and has made significant progress in formalising all relevant policies and implementing identified plans.

### NV Simamane

*Social and Ethics Committee Chairman*

31 August 2015

