

SOCIAL AND ETHICS COMMITTEE REPORT 2020



The social and ethics committee (SEC) is pleased to submit its report to shareholders for the year under review. The committee is satisfied that there were no instances of non-compliance with legislation or non-adherence to codes of good practice in terms of the areas within its mandate. The committee is also satisfied that it has considered and discharged its responsibilities in terms of its mandate and terms of reference, as stipulated in King IV, the JSE Listings Requirements and the Companies Act.

In line with its terms of reference, the committee is satisfied that Jasco has implemented the necessary frameworks, systems and policies to ensure adherence to being a responsible company, including social and economic development, sustainability and transformation.

Role and function

The committee assists the board to monitor the group's activities in terms of legislation, regulation and codes of best practice relating to corporate citizenship, organisational ethics and stakeholder engagement. Our policies and processes are guided by the requirements of King IV to ensure that the rights of shareholders, employees, customers, suppliers and other stakeholders are respected and upheld. Policies are aligned with the recommendations of the Organisation for Economic Cooperation and Development on corruption and the ten principles set out in the United Nations Global Compact.

Committee composition

The committee complied with the composition requirements of the JSE Listings Requirements, the Companies Act No 71 of 2008 and recommendations of the King IV report on corporate governance, 2016.

All committee members are appointed by the board, on recommendation of the nominations committee. The committee comprises a majority of independent non-executive directors. The committee is led by an independent chairman. During the year under review, the following directors were members of the committee:

1. Ms PF Radebe Independent non-executive director (chairman)
2. Mr S Bawa Independent non-executive director
3. Mr Thapelo Petje Executive director (resigned 29 February 2020)

The replacement of a third permanent member of the committee was delayed due to the COVID-19 lockdown. Mr Makwe Ngwato, the group executive: marketing and communications has been nominated as a permanent member of the committee.

Meeting attendance is provided on page 51 of the integrated annual report.

Activities in F2020

The committee considered various reports on the status of market conditions, employment and the workplace, as well as social and natural environments, as mandated by the terms of reference. The Committee also provided oversight in accordance with paragraph 7.F.6. of the JSE Listings Requirements dealing with compliance with the laws governing its establishment and Jasco's memorandum of incorporation.

Ethics

In line with the recommendations of the King IV report, the committee supports the board with the governance of ethics. Jasco has continued with the review and enforcement of its corporate compliance programme during the year. The programme ensures that all directors and employees comply with regulations, laws and ethics requirements. Potential corruption risks at customers, suppliers, business units, subsidiaries and within the employee base are monitored and used as a basis for developing the appropriate measures to reduce these risks. There were no instances of non-compliance reported to the committee during the year under review.

Covid-19 and safe return to work campaign

A key focus of the committee during F2020 was the COVID-19 pandemic, the government lockdown and its impact on the group and employees. Jasco appointed a COVID-19 compliance officer during March 2020 and established a COVID-19 management committee.

These measures and procedures were implemented in terms of relevant legislation and regulations. The group also reviewed and amended its occupational health and safety policies and procedures to comply with changes in legislation and new regulations published by government. All Jasco employees infected by the COVID-19 virus were supported by the company during the period of illness and in returning to work safely. All infected employees have fully recovered. Safe return to work procedures were implemented across the group and will continue to be adhered to, with ongoing awareness and vigilance.

People and employment equity

The committee provided oversight on compliance with the Employment Equity Act 55 of 1998, as amended. Jasco has reviewed and submitted its employment equity reports in line with the legislation defined in the Employment Equity Act.

The committee also provided oversight on the restructuring process implemented by the interim CEO. This resulted in further headcount reductions and a new group structure post the year-end.

The group's skills development spend was also evaluated. The spend increased this year due to employees' uptake of the web-based Udemy for Business Training Platform for employees seeking to improve their skills. The group met the sub-minimum requirement for skills development in its last B-BBEE certification.

The annual Employer of Choice audit and verification continued during the year. The international programme process was extended to the latter part of 2020 due to the COVID-19 pandemic; re-certification will be announced towards the end of January 2021. The 2020 certification remains in place until 25 January 2021.

The group's employee wellness programme continued during F2020. During the pandemic, an increase in employee assistance was noted, with key areas of consultation including financial matters, family assistance programmes and personal wellbeing and health.

Transformation and broad-based black economic empowerment

Jasco currently has a Level 4 B-BBEE compliance status rating.

The SEC reviewed the charter, function and deliverables of the transformation committee, a sub-committee of the SEC. The SEC chairman tasks the management team with reviewing the charter and aligning its scope, function and monitoring to best practice principles within the group's industry sectors.

Succession planning at the board, executive management level and across all employees remains a key priority, with the focus on diversity and inclusion. The group's restructuring impacted certain areas, such as transformation, employment equity, succession planning and B-BBEE.

To address this, the group CEO will drive the group's B-BBEE and transformation strategy and targets in the coming year, together with the transformation committee. The SEC committee will monitor the implementation on behalf of the board.

Health and safety

The committee reviewed the findings of the Occupational Health and Safety Act 85 of 1993 (OHASA) through health, safety and quality audits. All audited sites of the group received compliance certification. Due to the COVID-19 pandemic, certain OHASA audits were delayed or deferred due to the impact of the government lockdown. This was completed after the financial year end and all sites are now compliant.

Sustainability

A number of sustainability initiatives were implemented during the year.

These include the roll out of waste management plans, with new programmes put in place for recycling and waste disposal at various sites.

The measurement and effectiveness of the solar installation at the group's head office in Midrand resulted in the reduction of Jasco's carbon footprint by 169tCO₂e in F2020.

Socio-economic development (SED)

The board has delegated oversight of the group's SED programmes to the committee. The committee reviews the SED projects on a quarterly basis and reports the status to the board. The board reviews and approves SED expenditure on an annual basis.

During the year under review, the lockdown restrictions announced due to the COVID-19 pandemic unfortunately affected the SED programmes and delayed certain of the projects undertaken.

Jasco however still managed to support the following projects during the year:

- **Kaalfontein Primary School:** Jasco provided security surveillance cameras to the school. A weekly delivery of bread to the school continued despite the pandemic. Refer to page 16 in the integrated annual report for information on the group's partnership with this school.
- **Matjiesfontein Primary School** continued to receive a cash donation every month towards its running costs.

F2021 focus areas

Focus areas will include:

- Independent, external committee evaluation
- Review of a number of charters, codes and documentation to implement the required improvements:
 - The SEC charter
 - The committee's annual work plan
 - The group's code of conduct, whistleblowing hotline and programme to improve transparency and transformation, as well as the B-BBEE strategy and plan
 - Jasco's corporate compliance programme
- Implementation of full compliance with the Protection of Personal Information (POPI) Act
- Ongoing employee communication and education on safe working practices in the ongoing COVID-19 pandemic to avoid infection
- Continued measurement and reporting of sustainability initiatives



PF Radebe

11 December 2020



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