

Organisational Transformation System

Performance and Productivity
in a Diverse workforce and supply chain.

Agenda

- Board of Directors
- Social and Ethics Committee
- Organisational Transformation System
 - Organisational Transformation Committee
 - Human Capital Workstream
 - Supply Chain Workstream
- BEE Smart Software

Board of Directors

- The board of directors is appointed to act on behalf of the shareholders to run the day to day affairs of the business.
- The board are directly accountable to the shareholders and each year the company will hold an annual general meeting (AGM) at which the directors must provide a report to shareholders on the performance of the company, what its future plans and strategies are and submit themselves for re-election to the board.
- The objects of the company are defined in the Memorandum of Association and regulations are laid out in the Articles of Association.
- The board of directors' key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders.
- In addition to business and financial issues, boards of directors must deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.
- It is important that board meetings are held periodically so that directors can discharge their responsibility to control the company's overall situation, strategy and policy, and to monitor the exercise of any delegated authority, and so that individual directors can report on their particular areas of responsibility.
- Every meeting must have a chair, whose duties are to ensure that the meeting is conducted in such a way that the business for which it was convened is properly attended to, and that all those entitled to may express their views and that the decisions taken by the meeting adequately reflect the views of the meeting as a whole. The chair will also very often decide upon the agenda and might sign off the minutes on his or her own authority.
- Individual directors have only those powers which have been given to them by the board. Such authority need not be specific or in writing and may be inferred from past practice.
- However, the board, as a whole, remains responsible for actions carried out by its authority and it should therefore ensure that executive authority is only granted to appropriate persons and that adequate reporting systems enable it to maintain overall control.
- The chairman of the board is often seen as the spokesperson for the board and the company.

Board of Directors: Roles

Establish vision, mission and values

- Determine the company's vision and mission to guide and set the pace for its current operations and future development.
- Determine the values to be promoted throughout the company.
- Determine and review company goals.
- Determine company policies

Set strategy and structure

- Review and evaluate present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses and risks relating to the company.
- Determine strategic options, select those to be pursued, and decide the means to implement and support them.
- Determine the business strategies and plans that underpin the corporate strategy.
- Ensure that the company's organisational structure and capability are appropriate for implementing the chosen strategies.
- PEST and SWOT analyses
- Determining strategic options

- Strategies and plans

Delegate to management

- Delegate authority to management, and monitor and evaluate the implementation of policies, strategies and business plans.
- Determine monitoring criteria to be used by the board.
- Ensure that internal controls are effective.
- Communicate with senior management.

Exercise accountability to shareholders and be responsible to relevant stakeholders

- Ensure that communications both to and from shareholders and relevant stakeholders are effective.
- Understand and take into account the interests of shareholders and relevant stakeholders.
- Monitor relations with shareholders and relevant stakeholders by gathering and evaluation of appropriate information.
- Promote the goodwill and support of shareholders and relevant stakeholders.

Board of Directors: Responsibilities

- Directors look after the affairs of the company, and are in a position of trust. They might abuse their position in order to profit at the expense of their company, and, therefore, at the expense of the shareholders of the company.
 - Consequently, the law imposes a number of duties, burdens and responsibilities upon directors, to prevent abuse. Much of company law can be seen as a balance between allowing directors to manage the company's business so as to make a profit and preventing them from abusing this freedom.
 - Directors are responsible for ensuring that proper books of account are kept.
 - In some circumstances, a director can be required to help pay the debts of his company, even though it is a separate legal person. For example, directors of a company who try to 'trade out of difficulty' and fail may be found guilty of 'wrongful trading' and can be made personally liable. Directors are particularly vulnerable if they have acted in a way which benefits themselves.
- The directors must always exercise their powers for a 'proper purpose' – that is, in furtherance of the reason for which they were given those powers by the shareholders.
- Directors must act in good faith in what they honestly believe to be the best interests of the company, and not for any collateral purpose. This means that, particularly in the event of a conflict of interest between the company's interests and their own, the directors must always favour the company.
- Directors must act with due skill and care.
- Directors must consider the interests of employees of the company.

Social and Ethics Committee

- Section 72, clauses 4 through 10 of the Companies Act of 2008 and regulation 43 to the Act make provision for a social and ethics committee to be appointed by every listed company.
 - The regulation applies to
 - every state-owned company;
 - every listed public company; and
 - any other company that has in any two of the previous five years, scored above 500 points in terms of regulation 26, clause 2.
 - A company to which this regulation applies must appoint a social and ethics committee unless- (a)
 - it is a subsidiary of another company that has a social and ethics committee, and the social and ethics committee of that other company will perform the functions required by this regulation on behalf of that subsidiary company; or
 - it has been exempted by the Tribunal in accordance with section 72 clauses 5 and 6.
- A board of a company that is required to have a social and ethics committee, and that;
- exists on the effective date, must appoint the first members of the committee within 12 months after;
 - the effective date; or
 - the determination by the Tribunal of the company's application, if any, if the Tribunal has not granted the company an exemption;
 - is incorporated on or after the effective date, must constitute a social and ethics committee and appoint its first members within one year after;
 - its date of incorporation, in the case of a state-owned company;
 - the date it first became a listed company, in such case; or
 - the date it first met the criteria set out in sub-regulation 1 clause c, in any other case.

Social and Ethics Committee

- A company's social and ethics committee must comprise not less than three directors or prescribed officers of the company, at least one of whom must be a director who is not involved in the day-to-day management of the company's business and must not have been so involved within the previous three financial years.
- A social and ethics committee has the following functions;
 - To monitor the company's activities, having 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; and
 - the OECD 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 sponsorship, donations and charitable giving;
- the environment, health and public safety, including the impact of the company's activities and of its products or services;
- consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
- labour and employment, including;
 - the company's standing in terms of the International Labour
 - Organization Protocol on decent work and working conditions; and
 - the company's employment relationships, and its contribution toward the educational development of its employees;
 - to draw matters within its mandate to the attention of the Board as occasion requires; and
 - to report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.

Social and Ethics Committee: Responsibility

- To **conform** to a well written and appropriate code of conduct endorsed by the board is a good communication device which alerts all employees to ethical standards and guidelines for acceptable behavior. Such standards promote ethical decision making and may help resolve ethical dilemmas that arise.
- To **monitor** the company's activities, having 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 ten principles set out in the United Nations Global Compact Principle; o The Organisation for Economic Cooperation and Development ("OECD") recommendations regarding corruption; o The Employment Equity Act; and o The Broad Based Black Economic Empowerment Act;
 - Good corporate citizenship including the Company's:
 - o Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - o Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - o Record of the support and funding through employee involvement, sponsorships and donations to non-profit educational, health, charitable and social organisations.
 - The environment, health and public safety, including the impact of the Company's activities and of its products or services;
 - Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
 - Labour and empowerment including:
 - The Company's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
 - The company's employment relationships and its contribution towards the educational development of its employees.
- **Draw matters** within its mandate to the attention of the board as occasion requires; and
- **Report** to the shareholders at the Company's annual general meeting on the matters within its mandate.
- This code should also promote an environment where open **communication** is expected and protected.

Social and Ethics Committee - Authority

- The committee has the authority to enquire from any director or prescribed officer of the company any information or explanation necessary for the performance of the committee's functions;
 - To request from any employee of the company any information or explanation necessary for the performance of the committee's functions;
 - To be represented at any general shareholders meeting;
 - To receive all notices of and other communications relating to any general shareholders meeting; and
 - To be heard at any general shareholders meeting contemplated in this paragraph on any part of the business of the meeting that concerns the committee's functions.
 - Where the board of a company fails to constitute such a committee, the Companies and Intellectual Property Commission ("CIPC") will convene a shareholders' meeting and call on the shareholders to appoint one. Each director who knowingly failed to make the appointment would be personally liable for the costs incurred by the Commission.

Attendance

- Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Company Secretary;
- The Company Secretary is the secretary to this Committee;
- The following persons may attend the meeting by invitation only and may not vote:

- The Chief Executive Officer;
- Chief Financial Officer;
- Members of senior management as may be required;
- Assurance providers and professional advisors.

- If the nominated Chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairman.

Agenda and Minutes

- The Committee should establish an annual work plan for each year to ensure that all relevant matters are covered by meetings held during the year;
- A detailed agenda, together with supporting documentation will be circulated at least one week prior to the meeting to the committee members;

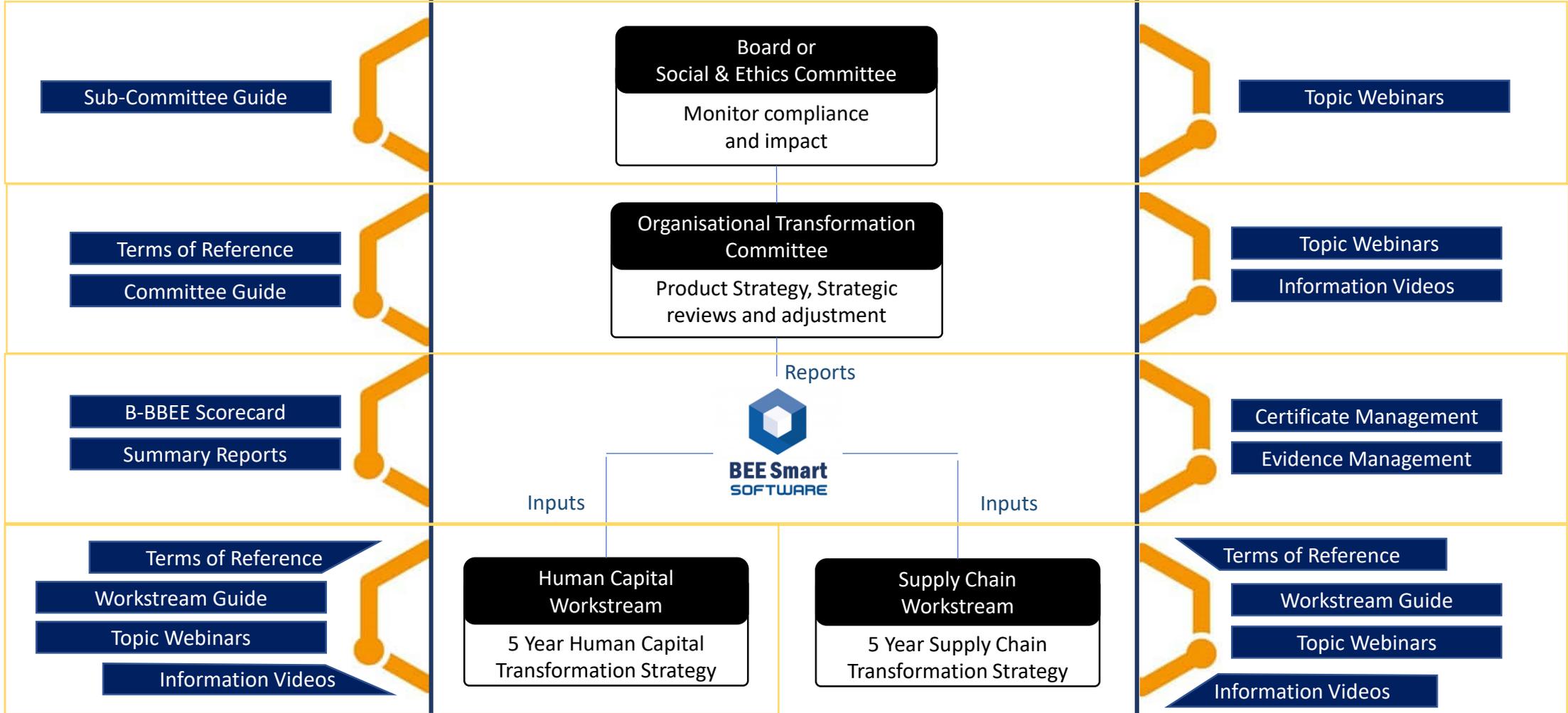
Quorum

- A representative quorum for the meeting is majority of elected members being present. Individuals in attendance by invitation may participate in discussions but do not form part of the quorum;

Evaluation

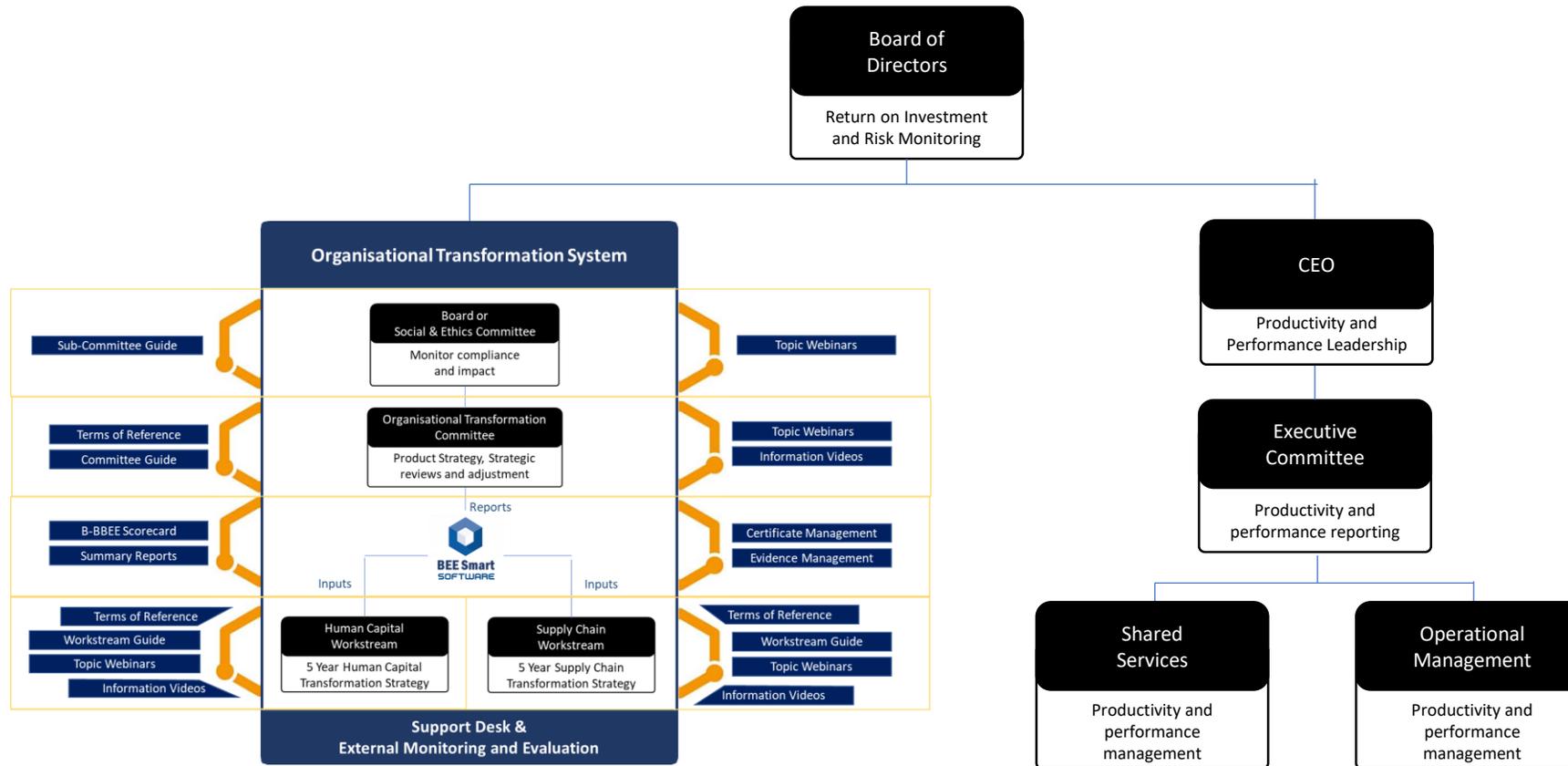
- The board must perform an evaluation of the effectiveness of the committee every year.

Organisational Transformation System



Support Desk & External Monitoring and Evaluation

OTS - Plug, Play and Support



BEE Smart Software

- Scorecard
- Summaries
- Gap Analysis
- Scenario Planning
- Report Generation
- Data input Management
- Evidence Management
- Certificate Management
- Interpretation Settings
- User Rights

