



**AYO TECHNOLOGY SOLUTIONS LIMITED
("AYO")**

**TRANSFORMATION COMMITTEE
POLICY AND CHARTER**

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POLICY

The AYO Group policy document for the Transformation Committee applies to this Committee and is incorporated into this Charter.

1. PURPOSE

The Transformation Committee is established as a subcommittee of the board of directors to assist the board of directors in the effective discharge of its responsibilities for oversight of transformation management, ensure that management has implemented and maintained an effective transformation management process in the Group.

1.1 One of the main purposes of the Transformation Committee is to ensure compliance with the amended Codes of Good Practice for Broad-based Black Economic Empowerment as revised from time to time, and to measure the company in terms compliance under the following five elements of which three elements are priority elements (*) in terms of the Department of Trade and Industry's Codes of Good Practice:

- 3.1.1. Ownership *;
- 3.1.2. Management control;
- 3.1.3. Skills development *;
- 3.1.4. Enterprise and supplier development *; and
- 3.1.5. Socio-Economic Development

1.2 Ensure that the Company's Broad-based Black Economic Empowerment Verification Certificate is lodged with the Commissioner.

2. COMMITTEES COMPOSITION

The members of the Transformation Committee are members of the main board of directors. The members are elected by the board of directors and senior managers are invited by members to attend the transformation committee meetings.

3. AUTHORITY

The Transformation Committee has the power to deal with and where applicable resolve and approve all matters falling within the scope of its purpose and duties as set out in this Charter and all other matters that may be delegated by the board of directors to the sub-committee from time to time.

4. DUTIES

Subject to any resolution of the board of directors, the duties of the Transformation Committee are to:

- 4.1 To approve strategies, processes and control framework for the management of transformation;
- 4.2 Approve the appointment of the verification agency;
- 4.3 Approve the scorecard targets for timeous submission to the agency;
- 4.4 Approve the employment equity plan to be submitted to the Department of Labour.
- 4.5 Review the equity ownership of the Group;
- 4.6 Review the skills development and employment equity plans of the Group and make recommendations;
- 4.7 Develop long-terms goals for the Group;
- 4.8 To review the workplace in terms of employment equity, transformation plans, fair remuneration and the safety, health, dignity and development of employees in the Group and make strategic recommendations;
- 4.9 Review the placement of interns in the Group;
- 4.10 To approve, or recommend any changes to the charter and policy as appropriate
- 4.11 To assess reports and report key issues to the board of directors;
- 4.12 Assist the board of directors in fulfilling their responsibilities for ensuring there is an effective transformation process in place throughout the Group;
- 4.13 Assess reports from management concerning the Group's transformation and compliance processes and controls in order to oversee the effectiveness of them;
- 4.14 Assess reports from divisional management concerning transformation and compliance in order to oversee these risks and assess their impact on the Group;
- 4.15 Assess reports from management concerning the implications of new and emerging risks, legislative or regulatory initiatives and changes in order to ensure that transformation is held at an acceptable level;
- 4.16 Receive reports from management concerning the resolution of significant risks, in order to monitor them and approve them in accordance with the board's risk appetite;

4.17 Oversee compliance by the Group with applicable external and regulatory obligations, and significant internal policies relating to the operation of its business units; and

4.18 Facilitates communication of risk issues to all management in the Group.

Management is responsible for the preparation, presentation and integrity of information and all matters about which the Committee should be informed.

5. MEETINGS

The Transformation Committee will meet at twice annually and more frequently if deemed necessary. The Human Resources Manager and appropriate Management of the Group are invited to attend committee meetings by invitation.

6. DELEGATION

The Transformation Committee may, in its discretion, delegate a portion of its duties and responsibilities to the Social & Ethics Committee.

7. REPORTING and DISCLOSURES

The committee Chairperson will report to the board of directors on progress of the committee at board meetings.

TRANSFORMATION CHARTER

The AYO Group is committed to a continuous transformation process and adopted this Transformation Charter. The Transformation Charter will be revised from time to time to comply with changes in the social, natural and business environments as well as regulatory requirements in terms of Broad-based Black Economic Empowerment.

1. MISSION

To be the employer of choice in the market place.

2. VALUES

We are committed to being:

Authentic - We believe in continuing our heritage of honesty, integrity and courageously doing the right thing. We strive to be one of the world's most successful companies, dedicated to winning through hard work and fair play.

Accountable – We take ownership for our business and our future. We establish ambitious goals for our businesses and ourselves and then stretch to exceed them. We feel personally responsible for achieving both our individual and team potential.

Innovative – Our founders established a culture that encouraged entrepreneurial spirit, experimentation in product development and creativity. We continue to be committed to new ideas that add value for our shareholders, stakeholders and partners. We recognize that today's best is the benchmark we must surpass tomorrow.

Caring – All this, plus truly respecting each other and caring for the communities where we live and work, makes our Group of companies a company people want to work for and do business with.

Empowering – as a group that drives transformation, we believe in the development and empowerment of our staff to enhance the performance of the group by “growing our timber”.

3. BROAD- BASED BLACK ECONOMIC EMPOWERMENT - CODES OF GOOD PRACTICE

3.1 AYO, as a black economic empowerment company supports the principle of transformation and must view its performance against the elements of Broad-based Black Empowerment Codes of Good Practice as set out by the Department of Trade and Industry and amended from time to time. The following five elements must be monitored and reported on:

3.1.1. Ownership – priority element.

- 3.1.2. Management Control.
- 3.1.3. Skills Development – priority element
- 3.1.4. Enterprise and Supplier Development – priority element
- 3.1.5. Socio-Economic Development

3.2 Ensure that the Company's Broad-based Black Economic Empowerment Verification Certificate is lodged with the Commissioner.

4. GOALS AND OBJECTIVES

In order to realize its mission and to be true to its values, the Group has set itself the following transformation goals and objectives:

4.1 Goal 1: Broad-Based Black Economic Empowerment - Codes of Good Practice

Retain Level 1 accreditation in terms of Broad-Based Black Economic Empowerment in terms of the Codes of Good Practice as set out by the Department of Trade and Industry.

Objectives

- 4.1.1 Ownership – priority element - measures the effective ownership of entities by black people.
- 4.1.2 Management Control – measures the effective control of entities by black people.
- 4.1.3 Skills Development – priority element – measures the extent which employers carry out initiatives designed to develop the competencies of black employees and black people internally and externally.
- 4.1.4 Enterprise and Supplier Development – priority element - measures the extent to which entities buy goods and services from Empowering Suppliers with various B-BBEE recognition levels. This element also measures the extent to which enterprises carry out supplier development and enterprise development initiatives intended to assist and accelerate the growth and sustainability of black enterprises.
- 4.1.5 Socio-Economic Development - measure the extent to which entities carry out initiatives that contribute towards socioeconomic development or sector specific initiatives that promote access to the economy for black people.

Failure to comply with a 40% sub-minimum in any of these priority elements leads to an automatic reduction of one level in the company's contribution level.

There is a sharp focus on the human resource aspects of the scorecard, with real emphasis being placed on employment equity and skills development – with black females now carrying their own, separate measurement indicators. Both elements also use the Economically Active Population racial split to ensure that there is

equitable representation based on these statistics. Skills development now takes into account the training of employees as well as unemployed people who could then be employable.

The procurement element is heavily weighted towards procuring from black-owned businesses as opposed to the highest-rated businesses. As there are relatively few black businesses that service other businesses, there is an expectation that most companies will score poorly on this element.

Socio-economic development contributions are now fully focused only on support that facilitates income-generating activities in the hands of the beneficiaries.

4.2 Goal 2 – The Employer of Choice

To create and nurture a working environment and a corporate culture that together attract and retain the best talent and skills; to redress residual inequalities with regard to race, gender and disability in accordance with our Employment Equity Plan, and to accelerate the development and retention of a diverse pool of skilled employees in order to achieve equitable representation in all occupational categories and levels of employment.

Objectives:

- 4.2.1 To establish or revise, implement and measure fair and effective policies and best practice for:
 - o Employment Equity management
 - o Diversity management
 - o Performance management
 - o Skills and behavioral training and development
 - o Support, coaching, mentoring and counselling
 - o Ethics and conduct
 - o Communication and public relations
 - o Change management
- 4.2.2 To assign the appropriate leadership and functional resources to these human resource and corporate development objectives;
- 4.2.3 To comply with broad-based black economic empowerment and equity legislation and charters.
- 4.2.4 To build the confidence of employees, prospective employees, shareholders and other stakeholders;

- 4.2.5 To develop and apply measurable targets and criteria, and to evaluate and monitor progress;
- 4.2.6 To communicate effectively about progress in transformation both internally and externally;
- 4.2.7 To make the company the employer of choice in our industry and in particular, South Africa in general; and
- 4.2.8 To promote and value a culture of ethics, integrity and commitment to the company values and principles.

4.3 Goal 3 – Diversity

To value all people who make up the diverse population of South Africa, and to accelerate and cultivate an environment where diversity is valued and prospers.

Objectives:

- 4.3.1. To redress any residual inequalities with regard to race, gender, disability, generation group and culture in the employee base;
- 4.3.2. To formulate fair diversity policies and practices;
- 4.3.3. To make the diversity an integrated, ongoing and measurable strategy;
- 4.3.4. To actively support and encourage representation in the composition of committees and management;
- 4.3.5. To provide opportunities for employees to explore, understand and appreciate diverse cultures, cultures and beliefs;
- 4.3.6. To link diversity to recruitment, development and retention strategies;
- 4.3.7. To develop and apply measurable diversity targets and criteria, and to evaluate and monitor progress;
- 4.3.8. To link diversity to performance management;
- 4.3.9. To communicate effectively about progress in diversity both internally and externally;

- 4.3.10. To actively prohibit by policy and practice any form of discrimination or intolerance with regard to:
- Gender
 - Race
 - Age
 - Culture and language
 - Religion
 - Disability
- 4.3.11 To introduce a social integration and interaction programme between groups and levels in the company;
- 4.3.12 To conduct, wherever necessary, cultural surveys which measure and monitor diversity and transformation;
- 4.3.13 To develop and promote disabled, black and female role models;
- 4.3.14 To develop a programme to recruit, train and retain disabled persons at all levels;
- 4.3.15 To comply with broad-based black economic empowerment and equity legislation and charters as well as the Group's diversity philosophy.

4.4 Goal 4 - Leadership and Management

To ensure that, employees who manage and lead broadly reflect the diverse profile of the South African and African populations and that they are appropriately empowered and skilled to manage the company towards its strategic objectives.

Objectives:

- 4.4.1. To recruit leaders at all levels appropriately qualified in leadership, diversity and other essential management skills, compatible ethics, principles and culture;
- 4.4.2. To empower all managers and team leaders in all aspects of leadership by providing appropriate training, guidance and counselling;
- 4.4.3. To incorporate diversity management and employment equity into managers' and key performance indicators;
- 4.4.4. To identify, train and empower leaders with skills that equip them to support the implementation of the transformation strategy;

- 4.4.5. To equip managers, leaders and team members to take and display accountability for their areas of responsibility.
- 4.4.6. To develop and apply measurable management and leadership targets and criteria, and to evaluate and monitor progress;
- 4.4.7. To communicate effectively with employees and other stakeholders about progress in leadership and management;
- 4.4.8. To ensure that managers are appropriately authorised and empowered to lead and to ensure that their authority and the management structures and processes are respected by all;
- 4.4.9. To ensure that appropriate levels of management in the company meet at appropriate intervals to review the execution of the overall strategy and goals;
- 4.4.10. To comply with broad-based black economic empowerment and equity legislation and charters as well as the company's philosophy.

4.5 Goal 5 – Economic sustainability

To create long term sustainable economic value

Objectives:

- 4.5.1. To deliver sustainable returns for shareholders;
- 4.5.2. To invest in our people thereby ensuring sustainable and renewable source of competitive advantage;
- 4.5.3. Combine insights and innovation to create economic value with our brands, products and offerings.

4.6 Goal 6 - Environmental sustainability – Brands and practices

Create sustainable brand value for company.

Objectives:

- 4.6.1. To improve the environmental impact of our products.
- 4.6.2. To engage and help customers and consumers in sustainability.

4.6.3. To reach targets from brands with improved environmental impact.

4.6.4. To assist our suppliers

4.7 Goal 7 - Environmental sustainability – Resource stewardship

Drive sustainable resource management throughout our supply chain.

Objectives:

4.7.1. To be leaders in sustainability in our various business units;

4.7.2. To drive sustainable energy, water, waste and packaging use;

4.7.3. To reduce dependence on volatile commodities like energy;

4.7.4. To lower absolute GHG emissions via energy efficiency, renewable energy and/or offsets; and

4.7.5. To achieve Zero Waste: Reduce, Reuse or Recycle Discarded Materials from Product Manufacturing.

4.8 Goal 8 - Social sustainability - stakeholders

Contribute to a sustainable society through our own practices and relationships with communities.

Objectives:

4.8.1. To review the company's targeted procurement strategy that promotes broad-based economic empowerment;

4.8.2. To promote small and medium enterprise development;

4.8.3. To assist wherever possible emerging black and small enterprises to market and distribute product;

4.8.4. To assist wherever possible emerging black and small enterprises to develop and sustain professional levels of business practice;

4.8.5. To establish and implement other appropriate social responsibility policies, projects and processes that have a positive impact on our employees and communities;

4.8.6. To align the focus of the company's social responsibility programmes primarily to our areas of operation with regard to products and categories, geography and social environment;

- 4.8.7. To support sustainable, deserving and needy charitable and humanitarian causes to the best of our ability within our core projects that we invest in;
- 4.8.8. To promote and encourage the social responsibility and charitable work and contributions by our employees;
- 4.8.9. To review all employee benefits policies, programmes and procedures to ensure that it adds meaningful value to the lives of our employees and support our policy – “The Way We Work”;
- 4.8.10. To explore opportunities in transformation programmes with customers, suppliers and business partners in order to maximize opportunities and social and environmental impact; and
- 4.8.11. To identify skills transfer opportunities with black, SMME and African emerging enterprises.

4.9 Goal 9 - Internal communication

Overcome barriers to communication related to race, gender, culture and status and to encourage open, honest and effective communication between all people both individually and within appropriate communication forums

Objectives:

- 4.9.1. To improve individual communication skills and practices at all levels;
- 4.9.2. To encourage, maintain, establish appropriate channels of communication and diverse communication forums;
- 4.9.3. To increase opportunities for meaningful dialogue between employees, and between employees and leaders;
- 4.9.4. To explore means to ensure greater participation in, and use of, various channels of communication by all employees; and
- 4.9.5. To improve evaluation of effective communication in the performance management process.

4.10 Goal 10 - Transformation Image and profile Ensure that the company’s image and profile is aligned with its transformation strategy and the new and changing South African and African environments.

Objectives:

- 4.10.1. To review the company’s image, profile and corporate marketing strategy;

- 4.10.2. To communicate the transformation strategy and its achievements to all stakeholders and the broader community;
- 4.10.3. To communicate the company's past and present contribution to transformation;
- 4.10.4. To communicate and internally market this Charter;
- 4.10.5. To enhance the internal and external profile of the company's leadership;
- 4.10.6. To engage with customers and suppliers and monitor what they are doing in relation to transformation;
- 4.10.7. To align the company's transformation strategy with the marketing strategy;
- 4.10.8. To ensure that all forms of marketing accurately reflect the changes wherever practical;
- 4.10.9. To train employees on how to market themselves and the company; and
- 4.10.10. To develop and apply measurable image and profile targets and criteria, and to evaluate and monitor progress.

4.11 Goal 11 - Business partners and collaboration

Ensure communication and collaboration with the company's business partners and associates with regard to sector transformation.

Objectives:

- 4.11.1. To listen to and be responsive to the needs of existing and potential customers, suppliers, users and consumers, particularly in relation to transformation;
- 4.11.2. To establish transformation partnerships with business partners and associates;
- 4.11.3. To comply with broad-based black economic empowerment and equity legislation and charters and maintain and develop a diverse client base wherever possible.

5. EXECUTION

The execution of this Charter shall be a high priority responsibility of the CEO's in the Group who shall ensure its execution through senior and other levels of management.

6. ACTIONS AND PLANS

The CEO's together with executive and senior management, will develop detailed short term, medium term and long term action plans to ensure the implementation of the transformation goals and objectives.

Such action plans should address all the stated goals and objectives and take careful account of the suggested action plans put forward by various forums, while aligning with applicable objectives.

The Group CEO must regularly communicate to the subsidiaries the status of performance against goals.

7. Monitoring and Review

The Transformation Committee shall, on a regular basis, monitor, review and make changes to plans aimed at the implementation of this Charter.

This revised Transformation Committee Policy and Charter was adopted by the Transformation Committee on 03 May 2018 approved by the Board of Directors on 03 May 2018.