



TRANSFORMATION, SOCIAL, ETHICS & SUSTAINABILITY COMMITTEE (“SETCOM”) CHARTER

1. BACKGROUND AND POLICY STATEMENT

Delta Property Fund (“the Company” or “the Fund” or “Delta”) is committed to making a meaningful and measurable difference in the broader South African Community. This objective underpins the values and business activities of Delta.

As a responsible corporate citizen, Delta aims to improve the livelihood of all individuals it engages with through initiatives such as

- Enterprise and supplier development and skills transfer
- Preferential procurement
- Improving access to education
- Employment equity
- Socio-economic development
- Economic development

2. CONSTITUTION

- 2.1 In accordance with the requirements of Section 72(4) of the Companies Act of 2008 (“the Act”) the Board of Directors (“the Board”) resolved to establish a statutory committee of the Board to be known as the Transformation, Social, Ethics and Sustainability Committee (“SETCOM” or “the Committee”) which shall fulfil the duties as listed below in respect of the Company.
- 2.2 Neither the appointment nor the duties of the Committee reduce the functions and duties of the Board of Directors of the Company.
- 2.3 Any reference in this Committee Charter (“the Charter”) to the Group is to be seen as a reference to the Company or any company or companies within the Group as the context may require and not necessarily the Group as a whole.

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- 3.1 Assist the Board in overseeing and monitoring, on an ongoing basis, how the consequences of the organisation’s activities and outputs impact its status as a responsible corporate citizen. This oversight and monitoring will be performed against measures and targets agreed with Management in all of the following areas identified as strategic focus areas:
 - 3.1.1 Enhance and contribute to the Company’s brand and reputation as a socially conscious business to all stakeholders including staff and the business community.
 - 3.1.2 All CSI objectives have to be aligned to the core functions of the business and should be mutually beneficial to Delta and the recipients.
 - 3.1.3 Promote equal opportunity and fairness for all citizens in the broader South African community.
 - 3.1.4 Ethics

- 4.1 The Committee shall 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 years. The prescribed officers can also be prescribed officers of Delta's appointed Asset Manager.
 - 4.2 The members of the Committee shall be appointed by the Board who shall also fill any vacancy on the Committee as and when required. The composition of the Committee will be reviewed at least every three years.
 - 4.3 A quorum shall be a majority of members, present in person or via telecommunication facilities.
 - 4.4 The Chairman of the Committee shall be appointed by the Board and shall be one of the members of the Board.
 - 4.5 The Chairman of the Committee or designated nominee shall be required to attend the Company's annual general meeting to answer relevant questions posed by shareholders.
 - 4.6 All Committee members will be required to keep up to date with developments affecting the areas of responsibility of the Committee.
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- 5.1 The Committee will identify those members of management that will have a standing invitation, as well as external advisors, to attend the meetings of the Committee as and when deemed necessary. These observers do not vote or get meeting attendance fees without board and shareholder approval.
 - 5.2 Other Board members shall have the right of attendance with the prior consent of the Chairman of the Committee.
 - 5.3 The Chairman of the Committee may invite such other members of management, or the Board, or representatives from the Asset Manager to attend meetings of the Committee from time to time as and when deemed necessary.
 - 5.4 The Company Secretary shall be the secretary of the Committee and will be responsible for the preparation of the meeting agenda in consultation with the Chairman of the Committee and the Chief Executive Officer.
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- 6.1 Meetings shall be held not less than twice per year.
 - 6.2 Any member of the Committee or the Chief Executive Officer, if not a member of the Committee, may request a meeting if deemed necessary and a meeting will then be arranged in consultation with the Chairman of the Committee.
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- 7.1 In respect of statutory duties of the Committee as set out below, the Committee will be accountable to shareholders and report to shareholders as provided for in the Act. In respect of all other duties as contained in these terms of reference, the Committee will be accountable and report to the Board.
 - 7.2 The Committee is authorised by the Board to investigate any activity within its terms of reference.
 - 7.3 It is authorised to seek any information it requires from any director and/or employee and all directors and employees are directed to co-operate with any request made by the Committee.
 - 7.4 The Committee is authorised by the Board, subject to the approval process, to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if deemed necessary.
 - 7.5 The Committee may establish and delegate authority to any member or sub-committee to assist it in carrying out certain of its functions.

- 7.6 The Company shall meet all expenses reasonably incurred by the Committee in the fulfilling of its duties, including if SETCOM considers it appropriate, the costs of the fees of any consultant or specialist engaged by the Committee in the performance of its functions.
- 8.1 The Fund’s Black Economic Empowerment (“BEE”) rating aligning to the requirements of the Department of Public Works, the Property Charter, Property Sector Scorecards and the BEE Code of Good Practice.
- 8.2 Enterprise & Supplier Development (“ESD”)
- 8.2.1 Delta’s ESD initiatives will focus on enterprise, supplier and skills development through preferential procurement and the implementation of formalised skills transfer programmes with time records of engagements as agreed with the project manager/asset manager and the SMME contractor.
- 8.3 Economic Development (“ED”)
- 8.3.1 Delta will seek wherever possible to invest in under resourced areas.
- 8.4 Socio-Economic Development (“SED”)
- 8.4.1 Delta’s SED programme will focus on making a sustainable and tangible difference in the lives of the communities where Delta has a dominant nodal footprint, aligned to the objectives of the Code and Government’s National Development Plan 2030. The skills set within the property sector will be enhanced by
- Promoting sector specific learnerships and bursaries
 - Tertiary education development
 - Early childhood education.
- Preference will be given to projects where the following groups are major beneficiaries (>50%)
- Previously disadvantaged (“PDI”) individuals
 - PDI youth (10 – 25 years)
 - Black women
 - PDI communities
- Delta’s SED programme will further include
- Donations and sponsorships in line with the preference criteria above
 - An ethics framework and the reduction of corruption including detection and response to fraud and corruption
 - Consumer protection
 - Environment and the rejuvenation of city centres where Delta has a footprint
 - Employee volunteerism on various projects
- 8.5 Safety and Environment
- 8.5.1 Public health and safety in Delta’s buildings, in line with OHSWA requirements
- 8.5.2 Sustainability/Green issues/Environmental impact reduction
- 8.6 Economy/market place
- 8.6.1 Broad-based Black Economic Empowerment
- 8.6.2 United Nations Global Compact Principles
- 8.6.3 Procurement
- 8.6.4 Enterprise Development
- 8.6.5 Global best practice, including OECD
- 8.6.6 Responsible and transparent tax policy

- 8.7 Workplace and employment
 - 8.7.1 Employment equity
 - 8.7.2 Fair remuneration
 - 8.7.3 Health, safety and dignity of employees
 - 8.7.4 Contribution towards Employee Education and Development
 - 8.7.5 Protocols on decent work and working conditions
 - 8.7.6 Prevention of unfair discrimination

- 9.1 Statutory duties (Regulation 43 of the Act)
 - 9.1.1 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:
 - 9.1.1.1 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 Impact Principles; and
 - The OECD recommendations regarding corruption; (refer Annexure A)
 - The Employment Equity Act; and
 - The Broad-based Black Economic Empowerment Act;
 - 9.1.1.2 Good corporate citizenship, including the Company's
 - Promotion of equality, prevention of unfair discrimination and prevention of corruption;
 - Contribution to the development of the communities in which Delta's activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - Record of sponsorships, donations and charitable givings.
 - 9.1.2 The environment, health and public safety, including the impact of the Company's activities and of its products and services;
 - 9.1.2.1 Consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and
 - 9.1.2.2 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 education development of employees;
 - 9.1.3 To bring matters within its mandate to the attention of the Board as required
 - 9.1.4 To report, through one of its members, to the shareholders at the Company's annual general meeting on the matters within its mandate.

- 9.2 General

The Committee shall at all times:

 - 9.2.1 Give due consideration to the relevant provisions of the Act and Code of Governance Principles;
 - 9.2.2 Retain a copy of the current terms of reference of the Committee at the registered office of the Company and provide shareholders with a copy of the same if requested; and
 - 9.2.3 Consider such other topics and fulfil such other duties as defined by the Board.

- 10.1 The secretary shall incorporate the approved minutes of meetings of the Committee in the meeting files prepared for meetings of the Board for noting purposes.
- 10.2 In addition to the above, the Chairman of the Committee will provide verbal feedback at the meetings of the Board of Directors on the Committee's recent activities.
- 10.3 The Chairman of the Committee may attend any general shareholders' meeting.
- 10.4 The Committee shall receive all notices of and other communications relating to any general shareholders' meeting.
- 10.5 The Committee may be heard at any general shareholders' meeting on any part of the business of the meeting that concerns the Committee's functions.

The Committee's activities and effectiveness shall be assessed and reviewed with the Board at least every three years.

A resolution in writing, signed by a majority of the members of the Committee at the time when such resolution is released for signature, shall be as valid and effectual as if it has been passed at a duly constituted meeting of the Committee, provided that each member of the Committee shall have been afforded a reasonable opportunity to express and opinion on the matter to which the resolution relates.

Date approved:

Extracts of OECD anti-corruption recommendations

1. Put in place a Code of Conduct, setting up solid governance frameworks to prevent corruption. Commitment and leadership at the highest levels is needed to confront corruption, ensuring that the formal requirements are actually implemented in practice to achieve their expected impact, and that corrupt actors are effectively held to account and sanctioned. Responsibility to prevent and detect corruption through strong corporate governance frameworks and to promote a culture of integrity
2. Building a public integrity strategy
3. Ethics or anti-corruption assistance/advisory services, which should assure human and financial resources are available to provide ethics and anticorruption advice, guidance and support to staff in a safe, confidential, independent and timely manner;
4. Training and awareness raising on anti-corruption
5. High level of auditing and internal investigation
6. Active and systematic assessment and management of corruption risks
7. Measures to prevent and detect corruption enshrined in contracts
8. Reporting/whistle-blowing mechanism and empowering and protecting whistleblowers
9. Take into consideration the corruption risks posed by the environment of operation,
10. Sound management of procurement contracts