

### Background

The criterion for whether a company must have a Social & Ethics Committee (SEC) is the company's impact on the public interest. The factors considered material is the company's annual turnover, the size of its workforce, the nature and extent of its activities, as well as the number of members.

In terms of the Companies Act 2008, companies with a Public Interest Score above 500 are required to have a Social & Ethics Committee. Silver Lakes Homeowners Association NPC qualifies largely on the basis of having in excess of 1 600 Members (each Member equates to 1 point).

Homeowner associations qualify for exemption of the requirement, based on the fact that the nature and extent of a homeowner association's limited activities and levy income are such that it does not have any significant impact on the public interest. The Board will therefore propose a motion to members at the next Annual General Meeting to apply for exemption.

The Board remains of the view that a similar committee be maintained, albeit in a less formal structure, to assist the Board in the aspects that a statutory Social and Ethics Committee is responsible for, with terms of reference more suited to the Association's specific activities.

A Social & Ethics Committee is responsible to monitor a company's activities with regard to its contribution to:

- Social and economic development;
- Good corporate citizenship;
- Environment, health and public safety;
- Consumer relationships; and
- Labour and employment.

During the course of 2016, the Board of Directors resolved that the Corporate Governance Advisory Committee (CGAC) be combined with the Social & Ethics Committee, in the style of the Social, Ethics & Governance Committee (SEGC).

### The members of the SEGC are as follows:

Dr Steven Pretorius (Director & Chairperson)

Mr Jan de Wet (Director)

Ms Kathy O'Connor (Liaison Manager)

Ms Frankie Alessio (Volunteer)

Mrs Alida Kromhout (Volunteer)

### Terms of Reference:

The committee is in the process of finalizing its terms of reference and work plan for 2017. The terms of reference of the committee specifically place emphasis on ensuring the principles as set out in the King Code of Corporate Governance are implemented:

- Evaluating the decisions and actions of the Board of Directors and Management in fulfilling their fiduciary duty to act in good faith, for a proper purpose and in the interest of the Members and employees of the Association;
- Monitoring the adherence by the Board and Management to the King Commission's Principles of Responsibility, Accountability, Fairness, Transparency and Sustainability;
- Dealing with complaints regarding any Director's non-compliance with fiduciary duties (adjudicated upon by the volunteer members of the committee, assisted by relevant professional experts where needed).

### Activities during the year under review:

- Highlights of the charitable disbursements from the Social Responsibility Fund:
  - o Food and blankets donated to Volkshulp 2000 - R3 674.22

- o Steel cabinets, stove & fridge and other items donated to Be the Hero Foundation - R14 473.52
  - o Action for the Blind (for the teaching and training of blind people) - R7 920
  - o Easter gift for the caddies - R1 380
  - o Washing machine for SPCA - R4 249
  - o Danville squatter camp (towels and nappies) - R5 199.35
  - o Be Wise Sterilise - R5 000
  - o Veterinary costs for Cape Otter found in one of the dams - R2 619
  - o Prosthetic leg for Delfin Maia - R41 445.17
  - o Food voucher for victims of a house fire - R1 000
  - o Look Good Feel Better Foundation - R6 000
  - o Food for Danville squatters - R3 794.30
  - o Huis Silversig (Christmas party for residents of an Old Age Home in Silverton) - R4 345.64
  - o Christmas food parcels for caddies - R5 144.37
  - o Stationery for children of caddies - R5 104.15
  - o Catz R Us - R5 000
  - o Golf shoes for caddies - R1 529
  - o Brush cutter for SPCA - R5 284
  - o Stationery for KCC Organisation - R1 718.60
- The Association continues to encourage management and staff to participate in continued professional development activities.
  - It is ensured that decent work at decent remuneration is offered by the Association. The remuneration gap between highest and lowest paid employee is constantly being narrowed with appropriate annual adjustments.
  - The Health & Safety Committee ensured strict compliance with regulations and there were no serious health and safety incidents.
  - Constant vigilance is maintained of the impact of the Association on the natural environment, especially our waterways, dams and boreholes.
  - No formal complaints regarding the conduct of Directors or management were received.

Additional future activities planned:

Promoting employment equity  
 Introduction of a corporate Code of Ethics  
 Community development activities  
 Corruption prevention  
 Consumer and Member relations

The committee will submit reports on its activities for the year to each Annual General Meeting.




---

DR STEVEN PRETORIUS  
 CHAIRPERSON