

# Transformation, Social and Ethics Committee Report (TSEC)

ADvTECH's TSEC is constituted as a statutory committee of ADvTECH Limited in terms of section 72(4) of the Companies Act, No. 71 of 2008 (the Companies Act), as read with regulation 43 of the Companies Act Regulations, and a committee of the board in respect of all the other duties assigned to it by the board.

The board is the custodian of corporate governance and its members take collective responsibility for governing and ensuring accountability for the group. The board aims to govern with integrity and in a way that supports an ethical organisational culture, from the tone at the top through all levels of the business, and instils a deep respect for the social, ethical, transformation and environmental matters facing the group.

TSEC's role is to assist the board with oversight of transformation, social and ethical matters through both performance of its statutory responsibilities and its governance responsibilities as set out in its committee charter. The charter, together with the annual committee workplan, are reviewed on an annual basis and any material changes referred to the board for approval.

The committee has an independent role with accountability to the board and shareholders. This report has been prepared in accordance with the requirements of the Companies Act, the Company's MOI, the JSE Listings Requirements and King IV™ report on corporate governance as well as other applicable laws. The report describes how TSEC has discharged its statutory duties, as well as additional duties assigned to it by the board during the year under review.

## COMMITTEE MEMBERS

TSEC consists of four members, three of whom are independent non-executive directors and the group CEO.

All committee members are suitably skilled and collectively have sufficient knowledge and skill to fulfil their duties. The committee consists of the following members:

- JS Chimhanzi (chair)
- CH Boule
- RJ Douglas
- SW van Graan

The resourcing divisional CEO, group Finance Manager, head of Internal Audit and the group HR executive are also invited to attend the TSEC meetings on a standing invitation and provides pertinent information on areas within their expertise and responsibility.

The TSEC's charter requires that the committee meet as many times per annum as may be required to sufficiently discharge its duties, subject to a minimum of two meetings per annum. During the year under review, the committee met four times. Full details of the attendance are included in the corporate governance report.



Corporate governance report page 84.

The chair of TSEC, JS Chimhanzi, will be available to respond to any shareholder questions on matters within its mandate at the group's AGM to be held on 18 May 2023. Any specific questions for the committee must be sent to the Company Secretary prior to the AGM.

## ROLE AND RESPONSIBILITIES

TSEC operates in terms of a formal charter that sets out its terms of reference, composition, roles, responsibilities and statutory duties. King IV™ expands on the role of the social and ethics committee as provided for in the Companies Act.

TSEC plays an important role in assisting the group to redress the imbalances of the past, whether they are social, economic or environmental. Its other responsibilities include oversight of the implementation and reporting on good corporate governance obligations, stakeholder relationships, communication and reporting.

**In accordance with its statutory duties, TSEC monitors and reports on the following:**

The group's compliance with applicable legislation, including the Companies Act, King IV™, the 10 principles set out in the UNGC and the recommendations of the OECD regarding corruption, the Employment Equity Act, the Skills Development Act and the Broad-Based Black Economic Empowerment Act (B-BBEE)

The group's progress against annually approved targets for transformation in terms of the Employment Equity Act and B-BBEE Act

CSI undertaken by the group within the operating divisions and at a corporate level, including the promotion of equality, the prevention of unfair discrimination, the avoidance of corruption, the contribution to development of communities in which its activities are predominantly conducted and a record of sponsorship, donations and charitable giving

The group's compliance with health and safety regulations and the environmental aspects of the business, including compliance with public relations and consumer protection laws

The group's engagement with its stakeholders in accordance with its stakeholder policy, dispute resolution mechanisms and grievance policy

## KEY AREAS OF FOCUS

During 2022, TSEC reviewed and considered the matters listed below:

- The group's public and consumer relations to improve and strengthen relationships with its stakeholders;
- Reports on the media coverage for the group;
- Reports on CSI projects undertaken by the group;
- The group's efforts to encourage diversity and advance the objectives of equality groupwide;
- The group's defined transformation objectives and targets;
- Reports on labour and empowerment related matters;
- The revised B-BBEE Codes of Good Practice, as well as its implications for the group;
- The group's B-BBEE rating to monitor progress against transformation targets;
- Strategies to improve the group's B-BBEE accreditation;
- Participation and collaboration with the industry on the newly proposed Education Industry Sector Charter;
- Continued monitoring of the group's talent succession plans and training programmes;
- Gender salary gap analysis against the South African and global average;
- The group's ethics hotline register, including results of internal investigations and actions taken;
- The group's conflict of interest policy, minimum shareholder requirements policy and family bursary policy;
- Maintaining high standards of organisational ethics;
- Reviewed and approved the committee's charter;
- The committee's annual work plan for the ensuing year;
- Reviewed and approved the TSEC report included in the annual report 2021; and
- Conducted an independent assessment of the performance and effectiveness of the committee for the year under review.

## OVERVIEW OF CERTAIN FOCUS AREAS

### Transformation

Transformation remains an ongoing focus for the group. A talent review process is used to identify candidates from previously disadvantaged groups with potential to enable development and promotion.

All employees are encouraged to develop their full potential, both for their own benefit and for that of the group.

The group continues to conduct awareness campaigns with the purpose of educating employees on the various types of disabilities and to encourage confidential reporting.

### Anti-racism and discrimination – RDI campaign

ADvTECH's RDI campaign continues to facilitate a culture based on the principles of RDI, where everyone knows they belong and feels comfortable to participate and contribute.

[Read more on page 49.](#)

Our FaceUp smartphone application, an anonymous reporting app designed to empower individuals to report any discriminatory behaviour, continues to facilitate a safer and more trusting workplace.

### Transformation – B-BBEE compliance and the promotion of B-BBEE in South Africa

During the year under review, the committee continued to consult with external providers, industry providers and regulators to ensure that the committee is kept up to date with the B-BBEE landscape and how best the group can contribute to the overarching goal of B-BBEE.

The committee is pleased to report that ADvTECH Resourcing (Pty) Ltd has been rated a Level 3 B-BBEE contributor (2021: Level 4), which resulted in a total procurement recognition level of 110% for the calculation of the weighted B-BBEE procurement spend.

### Gender pay gap

An extensive amount of work had been undertaken on the average gender pay gaps within the schools and tertiary division. Overall, the committee is pleased to inform you that the group has performed well in comparison to the average market gender pay gap.

[Read more on page 70.](#)

### Social

#### Bursaries and CSI projects

In keeping with the organisation's core business of education, the group has implemented a bursary programme for students. Approximately 15 583 students benefited from the bursary programme. The total value of the bursaries awarded during the year under review amounted to R211 million (2021: R207 million).

In addition to investing in bursaries, the group supports various CSI projects consisting of 814 social projects and 72 environmental projects.

[Read more on page 63 and page 77.](#)

### Stakeholder relations

ADvTECH continues to engage and strengthen its relationships with stakeholders to ensure their interests are adequately addressed, as and when required. Stakeholder engagement and media coverage reports are reviewed at each meeting and regular engagement is embedded into the corporate communication culture. Investors and shareholders, students and parents, alumni, candidates and clients, employees, regulatory and professional bodies, the community and the media are all key stakeholders.

### Ethics

Ethics are embedded in ADvTECH's code of conduct and a supplier code of conduct which applies to all employees, directors and stakeholders.

The directors, individually and collectively, continue to cultivate the highest levels of integrity, competence, responsibility, fairness, transparency and accountability in executing their functions.

Ethical standards and behaviour are of primary importance to the group and is expressed in the group's values which values are reviewed regularly to ensure that they remain relevant.

Employees and stakeholders are encouraged to disclose any improper conduct or unethical behaviour through the fraud and ethics hotline

which are available on the group's website and intranet, and which also allows for anonymous reporting. ADvTECH has a zero-tolerance policy towards fraud and corruption and necessary steps are taken against those who have been found guilty of unethical behaviour.

### Fraud and ethics process

Fraud and ethics hotline incident reporting



Investigation



Taking of appropriate action following outcome of the investigation



Report to TSEC who provides feedback to the board

### Policy review

All policies are reviewed by the committee to ensure they are non-discriminatory, of a high ethical standard and reinforce appropriate behaviour within the organisation.

### Reporting

TSEC is satisfied that, in all material respects, it has achieved its objectives for the year under review and that no items have been reported which would indicate non-compliance with the mandate of TSEC or its statutory requirements in terms of the Companies Act.

*On behalf of the Transformation, Social and Ethics Committee*

Dr Jacqueline Chimhanzi

TSEC chair

23 March 2023