

## **ESG AND RULES COMMITTEE**

### **TERMS OF REFERENCE**

#### **1. Introduction**

1.1 The board of directors (the “Board”) has established the ESG and Rules Committee to:

- (a) oversee the implementation of the Rules of the Cooperative Society (the “Rules”).
- (b) to review the Rules periodically to ensure that they are appropriate in their application or to consider whether they need to be altered rescinded or amended.
- (c) to oversee the Corporate Governance Manual and advise the Board on good corporate governance.
- (d) to carry out the functions delegated by the Board regarding the review and oversight of the Society’s and its subsidiaries’ (Group) strategies, goals, policies, performance and disclosures related to sustainability and environmental, social and governance (ESG) matters as described in these terms of reference.

#### **2. Membership and Attendance**

2.1 The Board shall appoint at least three non-executive Board members to the Committee. The Secretary shall normally be invited to attend Committee meetings. Other invitees may also attend.

2.2 Appointment to the Committee is for a term of up to four years and a member may serve a maximum of two terms.

2.3 The Chair of the Board shall, unless otherwise decided by the Board, act as Chair of the Committee. The Chair may delegate his role as Chair of the Committee provided always the person to whom he/she delegates is a member of the Committee. In the absence of the Chair of the Committee, the members of the Committee present shall elect one of their number present to chair that meeting.

2.4 The Secretary, or such other person as shall be agreed from time to time by the members of the Committee, shall act as the Secretary of the Committee.

#### **3. Objectives and Responsibilities**

3.1 Members of the ESG and Rules Committee must disclose issues which might conflict, or be perceived as being in conflict, with their responsibility to the Committee or might impede their or the Committee’s independence and the objectivity with which it advises the Board.

3.2 The Committee shall act in an advisory capacity. Its objectives will be to:

- (a) Rules
  - (i) Oversee the correct implementation of the Rules
  - (ii) Provide guidance on the correct interpretation of the Rules

- (iii) Review the Rules periodically to ensure they are consistent with Group strategic objectives and good corporate governance
- (iv) Recommend to the Board any alterations or amendments to the Rules
- (v) Ensure that good corporate governance principles have been considered in any Rules change
- (vi) Undertake any other matters which the Board shall delegate to it from time to time.

(b) Corporate Governance

- (i) To ensure that the constituent parts of the Governance Manual are updated on a timely basis and revisions are approved by the Board
- (ii) Consider whether the Society is adhering to the principles of Good Corporate Governance and advise the Board accordingly

(c) Code of Governance

- (i) To consider an appropriate Code of Governance (the “Code”)
- (ii) In respect of each financial year, to receive progress updates from management on compliance with the Code and to review those sections of the Annual Report which refer to the Code

(d) ESG

- (i) To oversee and advise the Board on the strategies, goals and commitments of the Group related to sustainability and ESG with a view to ensuring the long-term sustainable success of the Group and generating value for members.
- (ii) Ensure that the Group's sustainability and ESG priorities are in alignment with the corporate strategy, purpose, values and codes of conduct.
- (iii) Review and oversee the work undertaken by management to identify:
  - (A) emerging sustainability and ESG risks, applicable laws, rules, regulations and voluntary frameworks and initiatives;
  - (B) key developments in the sustainability and ESG regulatory landscape of relevance to the Group.
- (iv) Review ongoing compliance with the Group's sustainability and ESG policies.
- (v) Review and oversee the ESG statements and disclosures in the Society's annual report.
- (vi) Review and advise the Board in respect of performance against sustainability and ESG goals, key performance indicators, metrics, strategies, objectives and commitments.
- (vii) Review and monitor the mechanisms for sustainability and ESG-related engagement with the Society's members and other key stakeholders so that they remain effective.

3.3 The Committee shall keep up to date with and be fully informed about corporate governance and regulatory changes affecting the Group and the Rules of the Society.

- 3.4 The Committee shall oversee the preparation of the Board's annual training program and submit same for the approval of the Board
- 3.5 The Committee shall review at least every two years its own performance (and with external facilitation every third year).
- 3.6 The Committee shall review these terms of reference at least once every two years and make recommendations to the Board as necessary to ensure that it is operating at maximum effectiveness.

#### **4. Meetings**

- 4.1 The Committee shall meet when a significant Rules issue arises which requires its attention and at least once a year.  
The Chair of the Committee will be responsible for convening such meetings. Further meetings can be convened at the request of any one of its members or at the direction of the Board.
- 4.2 A quorum for meetings of the Committee shall consist of four members, including the Chair.
- 4.3 Decisions of the Committee will be made by majority vote. If at any meeting the votes are equal, the Chair shall have a casting or second vote.

#### **5. Authority**

- 5.1 While the Committee has no executive powers, it is authorised to make recommendations to the Board on matters within its terms of reference.
- 5.2 The Committee is authorised by the Board to investigate any activity within its terms of reference.
- 5.3 The Committee is authorised to seek any information it requires from any employees or officers.
- 5.4 The Committee is authorised to obtain, at the Group's expense, expert advice from the Group's auditors, professional advisers or otherwise, and to take independent professional advice and to require attendance of outsiders with relevant experience and expertise if it considers it necessary.

#### **6. Minutes**

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee. Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

#### **7. Reporting**

7.1 The Chair shall make reports to the Board on the proceedings of the Committee and any decisions taken. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.