

Modified and Approved Feb. 2009



P O Box 61809
Marshalltown, 2107
Tel: (011) 498-7265/7346
Fax: (011) 498-7269
E Mail: npinaar@bullion.org.za
www.sarma.co.za

CONSTITUTION OF

THE SOUTHERN AFRICAN READYMIX ASSOCIATION

SARMA

TABLE OF CONTENTS

No	Description	Page No
1	Name	3
2	Corporate Status	3
3	Non-Profit Distributing Character	3
4	Vision and Mission	3
5	Objectives	3
6	Classes of Membership and Membership Rules	4
7	Subscriptions	6
8	Structure	6
9	Annual General Meeting	7
10	Chairperson of the AGM	8
11	Meetings of the AGM	8
12	Management Committee (ManCom)	8
13	Regional Committee Meetings (RegComs)	9
14	Specialist Committees	9
15	The Director	10
16	Finance	10
17	Dissolution	11
18	Execution of Documents	11
19	Affiliation	11
20	Severability	11
	Annexure 1: POLICIES (Environmental Policy, Health & Safety Policy)	13
	Annexure 2: CODE OF ETHICS	14
	Annexure 3: SHREQ AUDIT PROGRAM	16

CONSTITUTION OF THE SOUTHERN AFRICAN READYMIX ASSOCIATION

1. NAME

- 1.1 The name of the association shall be the **Southern African Readymix Association**, hereinafter referred to as "**SARMA**".

2. CORPORATE STATUS

- 2.1 SARMA is a voluntary association constituted and incorporated with perpetual succession, notwithstanding changes in the number or identity of its members from time to time. SARMA has the objects and powers set out in this document and may exercise all the powers of a corporate body including the owning of assets and the right to conduct legal proceedings in its own name. The members of SARMA shall be bound by the provisions of this Constitution and the decisions taken by its bodies.

3. NON-PROFIT DISTRIBUTING CHARACTER

- 3.1 SARMA is a non-profit organization. Its income and the property of SARMA shall be applied solely towards the promotion of its objects. No portion thereof shall be paid or transferred directly or indirectly by way of distribution, bonus or otherwise to the members. Nothing however shall prevent the payment in good faith to any officer or servant of SARMA or to members of reasonable remuneration in return for services rendered to or expenses incurred for SARMA.

4. VISION AND MISSION

The Vision and Mission of SARMA is as follows: -

- 4.1 Vision
To make Readymix Concrete the construction material of choice.
- 4.2 Mission
- Represent the interests of the Readymix Industry
 - Promote the use of Readymix Concrete
 - Act as a forum for its members
 - Establish SARMA members as Readymix suppliers of choice on the basis of the standards that its members have elected to adhere to.

5. OBJECTIVES

The objectives of SARMA shall be to:

- 5.1 Protect the interests of its members and lobby legislation or other measures affecting the industry;
- 5.2 Co-ordinate opinion building, policies and activities within the industry

- 5.3 Gather the stakeholders in industry meetings in which matters relating to SARMA's missions are discussed, such as quality of ready mix, safety and environment.
- 5.4 Advance ready mix concrete through the promotion of research, participate in technical forums and improve specifications;
- 5.5 Disseminate information on current and prospective uses of Readymix concrete to members, gather and issue statistics on the Readymix industry (in strict compliance with the provisions of the Competition Act 1998)
- 5.6 Develop SARMA as a brand name standing for producers of quality Readymix
- 5.7 Promote and encourage the use of Readymix concrete throughout Southern Africa to grow it to at least 35% of total cement consumption
- 5.8 Present ready mix concrete to and interact with authorities, suppliers, customers, specifiers and regulators, to raise the awareness of the benefits of the product.
- 5.9 Foster and encourage the development of skills in the industry;
- 5.10 Monitor the compliance of its constituency with the standards its members have elected to adhere to.

6. CLASSES OF MEMBERSHIP & MEMBERSHIP RULES

SARMA is composed of Producer Members and Associate Members

- 6.1 Producer Members

Persons or legal entities engaged in the production and sale of Readymix concrete as a commercial venture are eligible to join SARMA as a Producer Member.

 - 6.1.1 The minimum requirement set by SARMA for producer members are that their production facilities
 - Batch cement, cementitious materials and aggregates by weight with properly maintained and regularly calibrated weighing equipment.
 - Batch liquid components (water, admixtures) either by weight or by volume with properly maintained and regularly calibrated equipment.
 - Are manned with competent personnel and ensure the supply of clients with ready mix concrete in conformity with the South African National Standards SANS 878.
 - 6.1.2 New applications shall be submitted to the Director in writing and shall be accompanied by relevant information supporting the application, which the Director presents to the SARMA ManCom.

For a membership to become effective the following conditions need to be met:

 - Confirmation of the application by ManCom
 - Successful passing of the SHREQ audit of all production sites of the applicant
 - Payment in full of the first membership fee, which will be levied by SARMA at the time of application.

6.1.3. Producer members are required to apply for membership for all their production facilities from which they supply Readymix concrete including subsidiaries and related companies located in South Africa.

6.2 Rights and Obligations of Producer members

6.2.1 Members will be entitled to attend relevant Association meetings. The member's executives designated to represent members within SARMA bodies enjoy full active and passive voting rights regarding memberships, representation at AGM or ManCom and any other resolution.

6.2.2 Members are entitled to advertise their membership of SARMA and use the brand nomenclature to promote their business

6.2.3 Members must notify the SARMA of any new plant they or any of their subsidiaries open in the course of their membership

6.2.4 For the duration of their membership producer members need to comply with the provisions of the SARMA SHREQ program as formulated and modified by SARMA from time to time.

6.2.5 Members shall be bound by the provision of this Constitution

6.3 Associate Members

6.3.1 Associate membership may be granted and withdrawn at the discretion of ManCom to persons or companies (such as suppliers to the industry), organisations or persons, who wish to be associated with SARMA

6.3.2 Associate members shall have the right to attend conferences and participate in general meetings, regional meetings or other functions of SARMA

6.3.3 Associate members shall not be entitled to voting rights.

Any membership of SARMA shall not confer any right to a share in any asset owned by the Association.

6.4 Resignation

6.4.1 Members may elect to terminate their participation in SARMA by giving one month's written notice to the Director. Termination shall not release the member from any of its obligations and liabilities to SARMA such as payment of outstanding membership fees.

6.5 Misconduct of Members

6.5.1 Any member in breach of provisions of this Constitution or any other resolution adopted by the Association or acting in contradiction with the objectives and the work of SARMA, may be asked by the Director in writing to remedy to the situation. Failing to do so, its membership to SARMA may be suspended by ManCom until the next following meeting of the AGM.

6.5.2 Members in breach of the constitution can be permanently excluded from SARMA upon majority decision of the AGM. An enquiry by an ad hoc disciplinary committee, installed by ManCom, that gives such member sufficient opportunity for its defence

must precede any exclusion. Such enquiry is not required if the exclusion is based on repeated failure of one or several sites of the member to pass the SHREQ audit.

6.5.3 For the duration of suspension or in the event of exclusion the member will cease to enjoy the rights associated to its SARMA member status.

6.4.4 With the suspension of a producer member its references will be removed from the SARMA website. The exclusion, leads to the loss of the right to use the SARMA name for promotional or any other purposes. Suspensions and exclusions will be communicated to all SARMA members in writing.

7. SUBSCRIPTIONS (LEVY)

7.1 ManCom shall determine and AGM will ratify the membership fees annually. Each member will be advised of the rate applicable.

7.2 The membership fees shall be based on the financial needs resulting from a budget prepared by the Director and approved the budget in November of the preceding year.

7.3 The proposed budget will then be ratified by AGM at its next meeting.

7.4 The subscription will be based on the volume sold in m3 for the preceding year. Members will declare their volumes sold to the Director, before the end of January of the year in which the levy is payable. SARMA reserves the right to verify the correctness of the volumes declared by requesting a sworn affidavit from the member company's auditor.

7.5 The Director will calculate the subscription value and send the member an invoice which will be inclusive of VAT.

7.6 The member will pay not later than the end March of that year; members who do not pay the subscription in time will be suspended.

8. STRUCTURE

The structure of SARMA shall consist of:

8.1 An Annual General Meeting, hereinafter called "AGM"

8.2 A Management Committee, hereinafter called "ManCom"

8.3 Regional Committees hereinafter called "RegComs" in the following regions:

Western Cape

Eastern Cape

Freestate/Northern Cape

Kwazulu Natal

Gauteng

North Eastern Region (Mpumalanga and Limpopo)

8.4 Specialist committee for the following subject matters:

- o Technical

- Health and Safety and Environment
- Human Resources (Combined with the Aggregates and Sand Producers Association of South Africa, ASPASA)
- Public Relations / Promotions
- Transport (Combined with ASPASA)

8.5 A Director

9. ANNUAL GENERAL MEETING (AGM)

- 9.1 SARMA shall be controlled and managed by AGM, who will be made up of one delegate from each producer member company.
- 9.2 Mandate of the Annual General Meeting
- 9.2.1 Confirmation of the minutes of the last AGM and any of any special general meeting held since;
- 9.2 Receipt and consideration of a report by the Chairperson of the ManCom on the activities of SARMA in the past financial year.
- 9.3 Approval of the annual accounts of SARMA presented, either by the Director or a member of ManCom.
- 9.4 Approval of the levy proposed by ManCom for the ensuing year and of other contributions due by each member as proposed by ManCom.
- 9.5 Election of the Chairperson, Vice-Chairperson and the members of ManCom
- 9.6 Review of RegCom Committees work
- 9.7 Review of Specialist Committees work
- 9.8 Review of SARMA's Business Plan and Budget
- 9.9 Any other decisions or measures appearing appropriate for the management of the affairs and the furthering of the objectives of SARMA

10. CHAIRPERSON OF AGM

- 10.1 AGM meetings will be led by a Chairperson.
- 10.2 The Chairperson shall be elected among the AGM members for a period of two years and be eligible for re-election at the end of the term.
- 10.3 A Vice-Chairperson shall be elected to stand in, should the Chairperson vacate his position or for any other inability of the Chairperson to perform his (her) duties.

11. MEETINGS OF THE AGM

- 11.1 AGM shall meet a minimum of once a year, in the first quarter. The date of the meeting will be communicated to the members in December of the preceding year.
- 11.2 The agenda of the AGM meeting and the decision proposed for vote shall be sent by the director to all members at least 7 days prior to the meeting. Members wishing to propose agenda points and matters put up for vote shall communicate these to the director at least

10 days before the meeting to be incorporated into the agenda. Only agenda points put up for vote on the agenda circulated to all members can be subject to AGM vote and decision.

- 11.3 Each producer member is entitled to send one delegate to the AGM and has one vote. The quorum for the AGM shall be 50% + 1 member among the members present at the meeting or represented through another member by (written) proxy.
- 11.4 The Chairperson shall have one vote as any other AGM member. He/she has the casting vote in case of equality of votes.
- 11.5 The following matters require special resolutions with a majority of at least two-thirds of members present or represented:
- A change of SARMA's name;
 - A change of SARMA's Constitution;
 - An amalgamation with another incorporated association;
 - The sale of a major asset of SARMA
 - Contracting of a loan by SARMA
 - Dismissal of the Director (for reasons other than gross misconduct)

12. MANAGEMENT COMMITTEE (MANCOM)

- 12.1 ManCom shall ordinarily consist of the Chairman, Vice Chairman and three (3) members elected by AGM. Should the Chairman or Vice Chairman find it inconvenient to be a member of ManCom, they shall so indicate at the AGM meeting when ManCom is elected, and another member of AGM shall be elected as Chairman. The member of M ManCom shall hold office for 2 years, and shall be entitled to be re-elected.
- 12.2 ManCom shall control the activities of and liaise with the Director. It shall undertake assignments allocated to it by AGM. It acts on behalf of AGM between AGM meetings. ManCom shall meet regularly at such frequency as decided by AGM, or by its own requirements.
- 12.3 ManCom has control of the financial affairs of SARMA under the direction of AGM and shall be responsible for nominating signatories for banking or investment accounts.
- 12.4 ManCom ensures governance of SARMA in line with the business plan and is the custodian of the funds and property of the Association.
- 12.5 ManCom has the power to approve applications for new memberships and to suspend existing memberships.

13. REGIONAL COMMITTEES (REGCOMS)

- 13.1 SARMA shall establish RegComs to run the affairs and further the objectives of SARMA within the regions defined in 8.3.
- 13.2 Each RegCom shall ensure that it acts in accordance with the objects of SARMA and complies to the directions of the AGM in its geographic area.
- 13.3 The RegComs shall hold two meetings per year and the dates of the Regcom meeting will be published in November, proceeding the year to come.
- 13.4 Each RegCom shall elect its own Chairperson who will serve a period of two years and shall chair RegCom meetings. A Chairperson may be re-elected.

- 13.5 The Chairperson of a RegCom, employee of a Producer member, will also *ex officio* serve on AGM. He will however have no voting right if he is not at the same time the sole AGM representative delegated by a producer member.
- 13.6 Each RegCom will also elect a Vice-Chairperson for that region, who will stand in for the Chairperson not being able to attend a meeting or meetings.
- 13.7 The RegCom shall ensure that individuals are selected who are to liaise with specialist committees and keep the region updated.
- 13.8 The Chairperson will organise a venue, liaise with other members in the region, contribute to the agenda for the RegCom and participate in the activities of SARMA in the region.
- 13.9 Membership of RegComs shall consist of representatives of Producer or associate members of SARMA, which operating in the region. Producer members operating at least one site in the region shall have one vote but shall be entitled to have any number of representatives at the meeting.
- 13.10 The SARMA Director shall be present at meetings of the RegComs, to keep the minutes. He shall assist the RegCom as required.
- 13.11 The Chairperson shall give a detailed feedback at the AGM meeting on work done by the RegCom.

14. SPECIALIST COMMITTEES

- 14.1 Specialist committees shall be established for the matters outlined under 8.4.
- 14.2 Specialist Committees shall elect chairpersons who will chair the meetings.
- 14.3 Each committee shall meet twice a year on dates set in November of the preceding year.
- 14.4 The Chairperson of the committee will *ex officio* serve on AGM.
- 14.5 The Chairperson will give a detailed feedback at the AGM on the work that the committee has done the previous year.

15. THE DIRECTOR

The Director, who also operates as the Director for the Aggregate and Sand Producers Association of South Africa, manages SARMA.

He/she shall be responsible for furthering the objects of SARMA under the supervision of the ManCom.

He/she shall attend all meetings of SARMA but will have no voting power. The Director shall be responsible for the financial and secretarial functions of SARMA as well as statutory and other administrative duties as set out below:

- 15.1 Financial Duties:
The Director ensures that proper books of account of SARMA are kept; that such books are audited; and that a Balance Sheet and Income and Expenditure are presented to the AGM at least once per year. He/she shall be responsible for collecting all levies, or other

monies due, to bank them and arrange the banking affairs of SARMA to its best advantage.

15.2 Secretarial Duties:

The Director shall be responsible for all the secretarial duties of SARMA which shall include issuing notices for general or special meetings or meetings of the AGM, keeping the minutes of meetings and circulating them, taking the minutes at RegComs and making them available to the Members, conducting all correspondence of SARMA and performing such other secretarial duties as the ManCom may direct.

15.3 Register Of Members And Entities:

The Director shall keep a register of members. This record of producer members and plants shall be updated at least every quarter.

15.4 Statutory Duties:

The Director shall be responsible for carrying out such statutory duties as may be required in respect of any legislation related to the constitution of SARMA.

15.5 Budget and Business Plan:

The Director shall be responsible for the production of a detailed budget and business plan prior to December each year for approval by ManCom and final ratification by AGM.

16. FINANCE

16.1 The funds of SARMA shall be applied to the payment of expenses incurred in the frame of its activities and mission. No surplus will be distributed to members.

16.2 Payments require the approval of the Chairman of SARMA ManCom. All cheques shall bear two signatures. At least one bank signatory shall be a member or the Chairperson of ManCom.

17. DISSOLUTION

17.1 SARMA shall be dissolved if, at a special AGM meeting convened for the purpose of considering dissolution, two thirds of the Producer members entitled to vote are in favour of dissolution. Not less than 21 (twenty one) days notice shall be given of such meeting and such notice shall clearly state that the dissolution and disposal of the assets of SARMA will be put up for vote.

17.2 The meeting may at the same time determine all matters related to the winding up of SARMA and the disposal of the assets or funds of SARMA.

17.3 The liability of members shall, for the purpose of this paragraph, be limited to the amount of levies due by them to SARMA in terms of this Constitution, as at the date of dissolution.

18. EXECUTION OF DOCUMENTS

18.1 Powers of attorney, deeds and other formal documents shall be executed by two members of AGM, with the Director, or, in the absence of the Director, a third member of the AGM, under the authority of a Resolution of AGM.

19. AFFILIATION

19.1 SARMA shall be linked to the Aggregate and Sand Producers' Association of South Africa (ASPASA) which provide administrative services to SARMA.

19.2 SARMA pays ASPASA an administrative fee on a yearly basis, approved by ManCom as part of the budget.

20. SEVERABILITY

20.1 No defect in any of the provisions of this Constitution shall render the remainder of the Constitution void or inoperative and in that event the remaining provisions of the Constitution shall be operative and be deemed to be the Constitution.

Agreed to by ManCom on this _____ day of _____ 2009

THE CONSTITUTION OF THE SOUTHERN AFRICAN READYMIX ASSOCIATION

ANNEXURES TO THE CONSTITUTION

Note: These Annexures can be changed by ManCom, changes to be ratified by AGM through majority vote.

ANNEXURE 1

1. POLICIES

1.1 Environmental Policy

SARMA recognizes that Environmental stewardship of the natural resources is the foundation of sustainable development.

Accordingly SARMA and its members commit their operations to:

- Compliance with the applicable legislation
- Integration of environmental management in the day to day operations
- Reduction of wastage and increase of waste recycling
- Provision of relevant environmental training and awareness to employees
- Communication with authorities, neighbours and affected parties
- Participation in the SARMA SHREQ program

1.2 Health and Safety Policy

SARMA recognises that Health and Safety is the right of all persons employed and affected by members operations.

Accordingly SARMA and its members commit their operations to:

- Compliance with applicable health and safety legislation
- Integration of health & safety management in the day to day operations
- Encouragement of a culture of health & safety among members
- Provision of relevant health & safety training and awareness to employees
- Communication with authorities, neighbours and affected parties
- Participation in the SARMA SHREQ program

ANNEXURE 2

2. CODE OF ETHICS

The members of SARMA commit themselves and their organization to the following principles of business ethics.

2.1 Obligations to Customers

- To disclose relevant information regarding products and not to mislead customers about the product;
- To charge the agreed price, or where no price was agreed, a fair price;
- To supply products timeously, and keep the customer informed of any delays in supply;
- To maintain standards of quality in accordance with the understanding or any agreement made with the company;
- To supply products in conformity with the South African National Standards SANS 878, unless agreed otherwise with the customer and to replace substandard product or remedy otherwise to damage caused by substandard products;
- To provide a ready means for the customer to lodge complaints about the quality of the products;
- To not to permit or condone any acts of unethical behavior;
- To ensure the confidentiality of sensitive producer or customer information.

2.2 Obligations to Suppliers

- Not to use raw materials gained from illegal sources
- To inform a supplier of any unethical behavior by the supplier's personnel or any of the company's employees;
- To terminate dealings with any supplier displaying unethical behavior;
- To meet the obligations to suppliers or creditors within the time agreed;
- To inform suppliers or creditors timeously of any inability to meet obligations, and to take account of the interests of suppliers or creditors when requesting an extension of payment terms.

2.3 Obligations to Employees

- To deal courteously with employees, having regard to cultural sensitivities and individual dignity;
- To give due attention to training and development of employees;
- To provide safe working conditions, including adequate machinery and equipment, protective clothing and competent supervision in terms of applicable legislation;
- To promote without discrimination and provide career opportunities;
- To recognize employees' efforts through fair remuneration and reward;
- To comply with laws governing Labour relations and conditions of employment;

- To deal openly and fairly in collective bargaining with the employees or their representative.

2.4 Obligations to Competitors

- To refrain from dishonest allegations regarding a competitor or his products;
- To compete fairly and within the limits set by the law
- To display ethical behavior in the marketplace

2.5 Obligations to Society At Large

- To pay due regard to safety, occupational and public health;
- To contribute to the upliftment of the communities in which we operate;
- To strive for excellence in environmental management.

ANNEXURE 3

3. SHREQ AUDIT PROGRAM

The participation to the programme is mandatory for All Producers members and all of their plants.

- 3.1.1 Every plant will be audited in each calendar year;
- 3.1.2 Plants will be accredited individually, not the member company;
- 3.1.3 Plants failing the audit shall be listed on the SARMA website;
- 3.1.4 Members and plants are not allowed to use SARMA logo's before the plant has successfully passed the audit;
- 3.1.5 Site batch plants, mobile plants and/or "project plants" can only be exempted from the program subject to the following criteria:
 - 3.1.5.1 site establishment is temporary (Less than 6 months), Beyond, the plant shall be audited and is viewed as a permanent plant.
 - 3.1.5.2 concrete from the plant is supplied to one customer only;
- 3.1.6 Only fully paid up members of SARMA participate in SHREQ.
- 3.1.7 New members and new plants of existing members will be afforded a period of (3) three months before completing the audit for the first time.
- 3.1.8 Audit Process:

SARMA member companies shall ensure that all their plants are known to SARMA. The audit schedule will be placed on the SARMA website.

The audit fee is defined by SARMA ManCom and payable by the member within 30 days following the audit;

The SARMA AGM appoints annually the independent auditor and determines the pass rates for the audit.

Plants failing to the audit will undergo, at the cost of the member, a re-auditing within 3 months of the initial audit.

The independent auditor will be allowed to request documented proof should he so require. Operations will have 24 hours after the audit completion to provide the auditor with requested documentation should it not be available on site.
- 3.1.9 Outcome of Audit:

The auditor's evaluation shall be final and binding. Any dispute lodged with the SARMA office will be referred to the SARMA Technical Committee for evaluation and recommendations or in the case of SHREQ to the Safety, Health and Environment committee. Any further dispute will be referred to ManCom.

The audit document will be revised annually.

A certificate of compliance (accreditation) will be issued to each plant that has successfully passed. The accredited plants will be listed on the SARMA website. Certificates of compliance will be valid for a specific period only, i.e. one (1) year, or until the next

scheduled SHREQ Audit, whichever longer. Plants will be rated in the categories:

Platinum – 90% +

Gold - 80 -90%

Silver - 75 -80%

To pass the quality side of the audit the site must reach a rating of at least 90%, the overall pass rate is set at a minimum of 75% meaning that SARMA requires that members reach and maintain at least “Silver” status for each of their sites.