

Document Title	: Pepkor Corporate Social Investment (CSI) Policy	
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PEPKOR HOLDINGS LIMITED

REGISTRATION NUMBER 2017/221869/06

(*"The Company" or "Pepkor"*)

CORPORATE SOCIAL INVESTMENT (CSI) POLICY

INTRODUCTION

Pepkor and its subsidiaries as a leading retailer in Africa, believes that it has a fundamental responsibility to assist in improving the lives of disadvantaged communities. Pepkor has therefore developed a Corporate Social Investment (CSI) policy which is aligned to the company's strategy and which contributes to the company's overall mission and vision.

Pepkor's Corporate Social Investment (CSI) Programme is a decentralised programme that is aligned to and driven by the respective divisions and businesses.

1. OBJECTIVE

The objective of the Policy is:

- 1.1 To promote and encourage companies within Pepkor to retain/improve their reputation as good corporate citizens in respect of improving and uplifting their immediate communities.
- 1.2 To demonstrate the Group's commitment to enhancing its social credibility and to contribute to the Group's brand reputation.
- 1.3 To create a sense of employee satisfaction and loyalty through demonstrating the Group's commitment to its physical and social environments.
- 1.4 To align Group initiatives with industry/regional charters and/or laws regarding the improvement of society as a whole e.g. broad-based black economic empowerment.
- 1.5 To indirectly generate interest regarding the Group's business operations through its reputation.
- 1.6 To enhance the Group's corporate image and, ultimately, its return on investment.
- 1.7 To provide Group companies with guiding principles regarding their choice of CSI investment, to maximise the CSI spend to achieve the Group's B-BBEE objectives / targets.

2. SCOPE

2.1 Internal scope

All divisions / departments / Group companies directly involved and responsible for the implementation of CSI.

2.2 External scope

Specific stakeholder groups (receiving contributions) and external parties who may be influenced and/or benefit from any of the CSI projects.

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3. DEFINITIONS

- 3.1 “CSR” means Corporate Social Responsibility and refers to an organisation’s total responsibility towards the business environment in which it operates. CSR describes the broader solution to triple-bottom-line matters of profit, people and planet.
- 3.2 “CSI” means Corporate Social Investment. CSI is one of the subcomponents of CSR and relates to the upliftment of communities in such a way that the quality of life in these communities is generally improved.
- 3.3 CSI projects are generally, but not exclusively, external to the normal business activities of the Group and are not solely for purposes of increasing company profit.
- 3.4 CSI projects should have an underlying development approach, using, as required, company resources to benefit and uplift communities, and should not be managed as marketing initiatives.
- 3.5 CSI is based on philanthropy, but it is recommended that any CSI initiative should enhance and add value to the reputation of the business and the Group.

4. RESPONSIBILITIES

- 4.1 The Pepkor Social & Ethics Committee is responsible for monitoring Pepkor’s CSI budget and activities and for the alignment of divisional projects to the Group’s CSI policy and its overall strategy.
- 4.2 Each operational Chief Executive Officer (or equivalent) is responsible for the approval of the relevant division’s CSI budget and for the alignment of divisional projects to the Group’s CSI policy and strategy, as well as for the implementation and management of the division’s CSI activities.

5. POLICY STATEMENT

- 5.1 Pepkor’s CSI Policy aims to direct the Group’s intent and commitment to invest in projects that intends to bring about positive social change in the geographical areas in which the Group operates.
- 5.2 CSI is an integral part of Pepkor’s commitment to sustainable development and an important mechanism for improving the Group’s reputation as a responsible corporate citizen and valued supplier of products and services among its customers, suppliers and communities.
- 5.3 The policy aims to primarily focus, where possible, on children and their education and development in order to become active participants in, and contributors to, a sustainable economic future. Any CSI activity should also contribute towards building a society of economically active participants.
- 5.4 All divisional CSI policies should, as far as possible, align with and subscribe to the guiding principles set out in this Group Policy but should assist with the needs of the specific communities and should remain operationally relevant.
- 5.5 All CSI initiatives should display and promote the culture and values of the Group and/or its respective divisions.

6. CSI FOCUS AREAS

CSI focus areas should, as far as possible, underpin and support the Group’s focus areas by investing in:

- projects that are driven by local, national and societal needs and that focus on socio-economic upliftment to benefit communities that are financially and socially marginalised and/or historically disadvantaged;
- projects that are directed towards children/childcare, education and health and nutrition; and
- skills development and poverty relief.

7. EMPLOYEE INVOLVEMENT

- 7.1 Pepkor recognises the value of staff involvement in its CSI activities and as such the Company will allocate 1 (one) working day per annum to our staff for the purpose of volunteering.

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- 7.2 Employee involvement will take place in an organized manner in predetermined volunteering team format. Volunteering can include time, mentoring, skills transfer and donations in kind.
- 7.3 The charities chosen by the various teams need to be chosen and approved by the CSI committee according to specific selection criteria.
- 7.4 Teams can choose a charity of their own within the selection criteria.

8. INVESTMENT AND IMPLEMENTATION GUIDELINES

The following investment and implementation guidelines should be applied:

- 8.1 Projects should enjoy stakeholders' support and have the potential to be sustainable in the long term.
- 8.2 Communities and beneficiaries of projects should be consulted during the process of project selection, implementation and evaluation.
- 8.3 Projects should aim to build goodwill, open, honest and constructive relationships and unity amongst stakeholders.
- 8.4 Projects should maintain and protect Pepkor's brand equity and reputation.
- 8.5 The costs and benefits of projects should be evaluated in terms of their ability to contribute to the intent of the Group's policy "to bring about positive social change in the geographical areas in which it operates".
- 8.6 Roles and responsibilities of stakeholders and project beneficiaries, with specific emphasis on financial controls and corporate governance compliance, should be clearly stated in all CSI proposals.
- 8.7 Integration and co-ordination of projects should be encouraged to maximise the benefit from the investment of Group resources to ensure long-term effectiveness and efficient implementation.

9. BUDGET

- 9.1 The Pepkor Executive Committee will approve the total amount to be spent on CSI for group initiatives and where it is division or business specific it will be approved by the respective Executive Committees annually as part of the annual operational business budgeting process.
- 9.2 The respective CSI Committees will approve the allocation of the funding during quarterly meetings.
- 9.3 Provision will be made in the various CSI budgets for on-going monitoring, evaluation and annual reviews of the programme investments, volunteering and participation in fund-raising events.

10. REPORTING

- 10.1 All monetary investment must be reported on an annual basis to the Pepkor Social & Ethics Committee, with an executive summary reflecting the value of the investment, the intent and the outcome.
- 10.2 The reporting cycle will coincide with the Group's financial year-end and B-BBEE reporting cycle, thereby enabling timely external Group reporting.

11. REFERENCES

- 11.1 The following internal references are associated with this policy:
 - The Pepkor Board Charter
 - The Pepkor Audit and Risk Committee Terms of Reference
 - The Pepkor Social and Ethics Committee Terms of Reference
- 11.2 The following external references are associated with this policy:
 - The Companies Act, No. 71 of 2008 and the Companies Regulations 2011
 - The King IV Report on Corporate Governance for South Africa 2016

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- The Broad-Based Black Economic Empowerment Act, No. 53 of 2003 and the respective Code of Good Practice

12. APPROVAL

This policy was adopted by the Pepkor Social and Ethics Committee and signed by the Chairman of the Committee and approved by the Board.

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