PEPKOR HOLDINGS LIMITED
REGISTRATION NUMBER 2017/221869/06
("The Company" or "Pepkor")

SOCIAL AND ETHICS COMMITTEE TERMS OF REFERENCE

Notes:
- Reference to "the Group" shall include all companies within the Pepkor group of companies.
- Reference to "the Board" shall mean the board of directors of the Company.

1. INTRODUCTION

The Social and Ethics Committee (the "Committee") is constituted as a committee of the Board of the Company in terms of Section 72(4) of the Companies Act No. 71 of 2008 read with Regulation 43 of the Companies Regulations, 2011 (the "Companies Act").

The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and Board members must continue to exercise due care and judgement in accordance with their legal obligations.

The terms of reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

2. PURPOSE OF THE TERMS OF REFERENCE

The purpose of these terms of reference is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

3. COMPOSITION OF THE COMMITTEE

3.1 The Committee, which shall be appointed by the Board, shall comprise at least three directors of the Company, at least one of whom must be an independent non-executive director. The Chief Executive Officer of the company shall be an ex-officio member of the Committee.

3.2 If a member of the Committee is unable to act due to absence, illness or any other cause, the Board may appoint another director of the Company to serve as an alternate member of the Committee having due regard to the requirements of paragraph 3.1 above.

3.3 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.

3.4 The Board shall elect the Chairman of the Committee ("the Chairman"), who shall be an independent non-executive Board member. The Chairman of the Board may be a member of the Committee, but may not chair

it. If the Chairman is absent from a meeting, the members present may elect one of their number to act as Chairman of that meeting.

3.5 The Committee members are required to keep up-to-date with developments affecting the required skill-set.

3.6 Should a member of the Committee cease to be a director of the Company, he or she shall automatically resign as a member of the Committee.

3.7 The Board shall have the power to remove any member of the Committee and to fill any vacancy created by such removal or resignation of a member of the Committee and may, from time to time, appoint any additional members of the Committee.

3.8 The Company's Executive: Human Resources shall attend meetings of the Committee by invitation. In its sole discretion, the Committee may invite other directors and members of management within the Company or the Pepkor group of companies ("the Group") to attend meetings of the Committee.

3.9 New members shall undergo appropriate induction programmes with the Chairperson (or his/her nominee) assisted by the Committee Secretary.

4. QUORUM

4.1 The quorum for meetings of the Committee is a majority of Committee members present.

4.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings and accordingly may not vote on any matter.

5. ROLE

5.1 The Committee has an independent role with accountability to the Board.

5.2 The Committee is required to fulfil its statutory duties as prescribed by the Companies Act.

5.3 Save as contemplated in the Companies Act together with regulation 43 of the Companies Regulations 2011, the Committee does not assume the function of management, which remains the responsibility of the executive directors, prescribed officers and other members of senior management.

5.4 The role of the Committee is to assist the Board with creating value in a sustainable manner, taking into consideration the triple context of the economy, society and natural environment within which the group operates. The board may include other matters, as identified in these terms of reference within the role of the Committee.

6. STATUTORY RESPONSIBILITIES

The Committee shall perform all the functions as are necessary to fulfil its role as stated above and including the following statutory duties:-

6.1. Monitoring the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:-

6.1.1. **Social and economic development**, including the company's standing in terms of the goals and purposes of:-

a. <u>The 10 principles set out in the United Nations Global Compact Principles</u>

i. Human Rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

ii. Labour

Principle 3: Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;
Principle 5: The effective abolition of child labour; and
Principle 6: The elimination of discrimination in respect of employment and occupation.

iii. Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: Undertake initiatives to promote greater environmental responsibility; and
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

iv. Anti-corruption

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

b. The Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption;
c. The Employment Equity Act; and
d. The Broad-Based Black Economic Empowerment Act.

6.1.2 **Good corporate citizenship**, including the Group's:-

- Promotion of equality, prevention of unfair discrimination and reduction of corruption;
- Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
- Record of sponsorship, donations and charitable giving.

6.1.3 **The environment, health and public safety**, including the impact of the company's activities and of its product or services;

6.1.4 **Consumer relationships**, including the company's advertising, public relations and compliance with consumer protection laws, and

6.1.5 **Labour and employment**, including:-

- The Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
- The Group's employment relationships and its contribution towards the educational development of its employees.

6.2 Drawing matters within its mandate to the attention of the Board or to the attention of any relevant committee of the Board, as occasion may require.

6.3 Reporting, through one of its members, to the shareholders, at annual general meetings of the Company on the matters within its mandate.

7. OTHER RESPONSIBILITIES

In addition to the statutory duties as set out in paragraph 6, the Committee shall perform the following duties, delegated to it by the Board:-

7.1 Monitoring the activities of the Company/Group, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

7.1.1 Social and economic development, including the Company's/ Group's standing in terms of the goals and purposes of the Company's/Group's Transformation programme, Black Economic Empowerment and the Company's B-BBEE rating;

7.1.2 The Company's/Group's progress and initiatives in regard to Corporate Social Investment;

7.1.3 Seeking confirmation from the Human Resources and Remuneration Committee on its approach to attain fair remuneration in the context of overall employee remuneration and to remunerate fairly, responsibly and transparently.

7.1.4 The environment, health and public safety, including the impact of the Company's/Group's Business Units' activities, and of their products or services; and

7.1.5 Ensuring that the Company's/Group's ethics programme is managed effectively (as recommended in principle 2 of the *King IV Report on Governance for South Africa,* 2016, as amended or replaced from time to time), including:-

7.1.5.1 ensuring that the ethical standards to be adopted by the Group are articulated in a Code of Ethics, which is reviewed from time to time, as appropriate, to ensure compliance with required standards;

7.1.5.2 monitoring and reporting to the Board on whether leadership demonstrates support for ethics throughout the Company/Group;

7.1.5.3 monitoring the reporting to the Board, and where appropriate to the Human Resources and Remuneration committee, on the Company's/Group's employment relationships and its contribution toward the educational development of its employees;

7.1.5.4 ensuring that the structures are implemented by management, and that systems and processes are in place to ensure that the Board, employees, network of dealers, suppliers and supply chains are familiar with and adhere to the Company's/Group's ethical standards;

7.1.5.5 ensuring that the ethics performance is reported on in the Company's/Group's integrated annual report; and

7.1.5.6 ascertaining and reporting to the Board on whether the Code of Ethics is embedded in the Company's/Group's corporate culture.

7.1.6 Fulfilment of the requirements of the Protection of Personal Information Act (POPIA), ensuring the protection of the personal information of data subjects.

7.1.7 Fair lending practices, and does not violate any of the licensing requirements of the National Credit Act.

7.1.8 The management of whistleblowing, to ensure that all credible allegations are thoroughly investigated, whilst protecting the identities of all parties involved. When conclusion has been reached on a matter, ensuring that any violations of the Code of Ethics, or the laws and regulations of the country are thoroughly dealt with.

7.2 The committee shall monitor that the Company / Group endeavours to engage constructively with regulators and ombudsman engaged in the industries in which the Company / Group operates.

7.3 The committee shall ensure that the board is appraised of any issues within its mandate that will have a significant negative impact on the image and reputation of the Company / Group.

7.4 In addition, the Committee shall perform any additional duties relating to social and ethics that may be delegated by the Board from time to time.

7.5 Oversee the development and execution of the investor relations strategy and programme of the Company / Group.

8. AUTHORITY

8.1 The Committee is conferred statutory duties in terms of the Companies Act, and is given authority to execute those duties by the constitution of the committee.

8.2 As described in 5.3, save for the provision in 7.1, the Committee shall act in accordance with the delegated authority of the Board as recorded in these terms of reference. Save as authorised by the Board, the Committee shall have no executive powers with regards to its findings and recommendations.

8.3 It has the power to investigate, at the reasonable cost of the Company, any activity within the scope of its terms of reference.

8.4 The Committee, in the fulfilment of its duties, may call upon the Chairman of the other Board committees, any of the executive directors, Company officers or assurance providers to provide it with relevant information.

8.5 The Committee is entitled to reasonable access to the Company's records, facilities and employees necessary to discharge its duties and responsibilities.

8.6 The Committee may form, and delegate authority to, subcommittees, one or more designated members of the Committee and to one or more members of the executive to perform certain tasks on its behalf.

8.7 The Committee, or any of its members, has/have the right to obtain independent outside professional advice to assist with the execution of the Committee's duties, at the reasonable cost of the Company / Group.

8.8 The Committee is entitled to attend any general shareholders' meeting, to receive notices and general communications relating to general shareholders' meetings and to be heard at any general shareholders meeting on matters that concern the Committee's functions, over and above the statutory reporting requirement.

9. MEETINGS AND PROCEDURES

9.1 Meetings of the Committee may be summoned by the Committee Secretary at the request of any Committee member.

9.2 Unless agreed otherwise, notice of each meeting, confirming the venue, time and date, together with an agenda of items for discussion, shall be forwarded to each Committee member and any other person required or entitled to attend, prior to the date of the meeting.

9.3 **Frequency**

The Committee shall hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year.

9.4 **Attendance**

Executives of the company, assurance providers, professional advisors and Board members may be in attendance, by invitation, at Committee meetings.

9.5 Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad-hoc* basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Committee Secretary.

9.6 The Chairman shall report to the Board on the matters considered by the Committee at the board meeting following Committee meetings.

9.7 Members and/or invitees of the Committee may participate in and act at any meeting of the Committee through the use of conference telephone or other communication equipment.

9.8 Any matters to be decided by the Committee shall be approved by a majority of votes by members. The Chairman shall not have a casting vote.

9.9 Resolutions of the Committee may be taken by way of a round robin resolution. A round robin resolution in writing adopted by the majority of the Committee members is valid and effective as if it had been passed at a duly called and constituted meeting, provided that each Committee member has received notice of the matter to be decided. Such resolution shall be presented at the next meeting for noting and signature by the Chair.

10. AGENDA AND MINUTES

10.1 The company secretary shall be the secretary of the Committee.

10.2 The minutes shall be completed as soon as possible after each meeting and circulated to the Chairman and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

10.3 Minutes of the meeting, signed by the Chairman, are sufficient evidence that the matters referred to therein have been fully discussed and agreed, whether by way of a formal meeting or otherwise.

10.4 The Committee shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

11. PERFORMANCE REVIEW

The Committee shall perform a self-evaluation of its effectiveness every year and report the results thereof to the Board. The Board may elect to conduct an independent evaluation of the Committee's performance from time to time.

12. REVIEW OF THESE TERMS OF REFERENCE

These terms of reference shall be reviewed at least every two years.

These terms of reference were approved by the Board on 18 February 2022.