



SHOPRITE HOLDINGS LIMITED AND SUBSIDIARIES

SOCIAL AND ETHICS COMMITTEE TERMS OF REFERENCE

This is the Social and Ethics Committee Terms of Reference reviewed and approved by the Social & Ethics Committee of Shoprite Holdings Ltd at a meeting on 12 August 2020.

Table of Contents

1.	CONSTITUTION	3
2.	PURPOSE OF THE TERMS OF REFERENCE	3
3.	COMPOSITION	4
4.	ROLE	4
5.	RESPONSIBILITIES	5
6.	AUTHORITY	11
7.	MEETING PROCEDURES	12
	7.1. Frequency	12
	7.2. Attendance	13
	7.3. Agenda and Minutes	14
	7.4. Quorum	15
8.	REPORTING	15
9.	DISCLOSURE	15
10.	EVALUATION	16
11.	REVIEW	16

1. CONSTITUTION

- 1.1 The Social and Ethics Committee ("the Committee") is constituted as a committee of the Board of Shoprite Holdings Limited ("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.
- 1.2 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 they must continue to exercise due care and judgment in accordance with their legal obligations.
- 1.3 These 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.

The Committee focuses in particular on the Group's strategy and performance in respect of:

- social and economic development;
- the promotion of equality and the prevention of unfair discrimination;
- the Group's ethics and the prevention of fraud, bribery and corrupt practices;
- the deterrence of human rights violations;
- the contribution to the development of communities in which the Group's activities are predominantly conducted;

- consumer relationships which includes advertising, public relations and compliance to consumer protection laws;
- the environment, health and public safety, and the impact of activities and products and services; and
- labour and employment.

3. COMPOSITION

- 3.1 The Committee comprises at least three (3) non-executive directors or prescribed officers of the Company, a majority of whom will be independent, to be appointed by the Board.
- 3.2 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties as outlined in these Terms of Reference.
- 3.3 The Committee is chaired by a non-executive Board member who is not the Chairman of the Board. The Board elects the Chairman of the Committee from the elected members.
- 3.4 The Committee members are required to keep up-to-date with developments relating to the social, ethics and sustainability mandate of the Committee.

4. ROLE

- 4.1 The Committee has an independent role with accountability to the Board.
- 4.2 The Committee does not assume the functions of management, which remains the responsibility of the executive directors, officers and other members of senior management.
- 4.3 The role of the Committee is to assist the Board with the oversight of social and ethical matters relating to the Company.

5. RESPONSIBILITIES

5.1 *PRINCIPAL FUNCTIONS*

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

Social and Ethics:

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

- social and economic development, including the Company's standing in terms of the goals and purposes of-
 - the 10 principles set out in the United Global Compact Principles;
 - the OECD recommendations regarding corruption;
 - the Employment Equity Act; and
 - the Broad-Based Black Economic Empowerment Act;
- good corporate citizenship, including the Company'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;
- the environment, health and public safety, including the impact of the Company's activities and of its products or services;

- consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and
- labour and employment, including-
 - the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
 - the Company's employment relationships, and its contribution towards the educational development of its employees.

5.1.2 Developing a framework for the governance of ethics throughout the Company, and providing input on establishing the Company's philosophy on fair and responsible remuneration for all employees as determined by the Remuneration Committee (as and when requested).

5.1.3 Determining ethical leadership within the Company, which would involve creating an ethical culture, ensuring an ethical standard for ethical conduct throughout the Company by setting an ethics strategy.

5.1.4 Reviewing and approving the Company's code of conduct and other ethics policies in line with the Company's ethical standards, and address key ethical risks.

5.1.5 Monitoring and reviewing the ethical practices in the Company to ensure that such practices are appropriate and in accordance with the Company's ethical standards and nurture a greater focus on ethical leadership.

5.1.6 Oversee the implementation of the Company's ethical practices and develop appropriate mechanisms for the prevention, detection and response to fraud and corruption including whistle-blowing mechanisms, as follows:

- responsible corporate citizenship and stakeholder engagement: approve and revise the sustainability strategy in relation to material sustainability issues in line with relevant reporting requirements;
- approve and review the policy in relation to stakeholder engagement and the management of stakeholder risk;
- approve the relevant sustainability performance targets;
- monitor the implementation of social, sustainability and stakeholder engagement policies through the consideration of management reports;
- consider and recommend for approval the reporting of Employment Equity, safety, health & dignity & development of employees;
- consider and recommend for approval, on an annual basis, the reporting of sustainability issues in the integrated report and where deemed necessary obtain independent assurance over the validity, accuracy and completeness of such information contained in the integrated report;
- advise management on ways to improve the effectiveness of stakeholder engagement issues;
- consider substantive national and international regulatory and technical developments in all fields relevant to the company's social, sustainability and ethics performance;
- facilitate and monitor collaboration between the risk, strategy, stakeholder engagement, sustainability and ethics functions;
- determine appropriate measures and targets in order to assess the Company's activities and its outcomes in relation to the Company's status as a responsible corporate citizen, with contribution from management, across the workplace, the economy, society and the environment; and

- monitor and review the consequences of the Company's activities and how the outcomes affect the Company's status as a responsible corporate citizen.

5.1.7 Drawing matters within its mandate to the attention of the Board as occasion requires.

5.1.8 Reporting, through one of its members, to the shareholders of the Company's annual general meeting on the matters within its mandate.

5.1.9 In addition, the Committee performs other duties as delegated by the Board from time to time. In order to discharge its responsibilities and fulfil its duties the Committee will engage in the specific activities in accordance with the Committee's approved work plan.

5.2 ***AUTHORITY***

5.2.1 The Committee acts in accordance with the delegated authority of the Board as recorded in these terms of reference.

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

5.2.3 The Board supports and endorses the Committee, which operates independently of management and is free of any organisational impairment.

5.2.4 The Committee, in the fulfilment of its duties, may call upon the Chairmen of the other Board committees, any of the executive directors, Company officers or assurance providers to provide it with relevant information, subject to following a Board-approved process.

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

- 5.2.6 The Committee may form, and delegate authority to sub-committees, one or more designated members of the Committee and to one or more members of the executive to perform certain tasks on its behalf.
- 5.2.7 The Committee has the right to obtain independent outside professional advice and/or assurance to assist with the execution of its duties, at the Company's cost, subject to following a Board-approved process.
- 5.2.8 The Committee makes recommendations to the Board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required. Furthermore, the chairman of the Committee should regularly report to the Board on matters dealt with and decisions taken by the Committee.

6. MEETING PROCEDURES

6.1 FREQUENCY

- 6.1.1 The Committee will hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference and its annual work plan, but subject to a minimum of two (2) meetings per year.
- 6.1.2 The Committee shall at least once a year participate in a combined meeting with the Audit & Risk Committee to consider risk management matters or any other agenda items common to both committees.
- 6.1.3 Meetings in addition to those scheduled may be held at the request of the chairman of the Committee, the chief executive officer, other members of senior management or at the instance of the Board.

6.1.4 The chairman of the Committee may meet with the chief executive officer, members of senior management and/ or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

6.2 **ATTENDANCE**

6.2.1 The Chief Executive Office, Chief Operating Officer, other members of senior management, assurance providers, professional advisors and Board members may be in attendance at Committee meetings, by invitation only, but may not vote or participate in any decision-making.

6.2.2 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.

6.2.3 The Company Secretary is the secretary to the Committee. The Company Secretary shall attend all Committee meetings and record proceedings and decisions taken at the Committee meetings.

6.2.4 If the elected Chairman of the Committee is absent from a meeting, the members present will elect one of the members present to act as Chairman for the duration of that meeting.

6.3 **AGENDA AND MINUTES**

6.3.1 The Committee will establish an annual work plan for each year to ensure that all relevant matters, as laid out in these terms of reference, are covered by the agendas of the meetings planned for the year.

6.3.2 A detailed agenda, together with supporting documentation, is circulated, prior to each meeting to the members of the Committee and other invitees.

- 6.3.3 Committee members must be fully prepared for Committee meetings in order to provide appropriate and constructive input on matters discussed.
- 6.3.4 The Company Secretary should attend and minute all the Committee meetings. The minutes are completed as soon as possible after the meeting and circulated to the Chairman and members of the Committee for review thereof.
- 6.3.5 The minutes will be formally approved by the Committee at its next scheduled meeting and will also be distributed to the Board.
- 6.3.6 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.

6.3 QUORUM

- 6.4.1 A representative quorum for meetings is a majority of members of the Committee present.
- 6.4.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

7. REPORTING

- 7.1 The chairman of the Committee shall compile a general report of the Committee proceedings and submit formal reports on the Committee's activities to the Board, at the earliest board meeting (after compilation of the reports), which reports will contain such recommendations deemed appropriate by the Committee.

8. DISCLOSURE

- 8.1 The chairman of the Committee shall prepare a statement, for inclusion in the integrated report, that describes the Committee's composition and

responsibilities (including its mandate), and how these responsibilities were discharged during the relevant financial year.

8.2 The Committee will ensure that the following is disclosed in the Annual Integrated Report in relation to organisational ethics, corporate citizenship and stakeholder relationships:

8.2.1 an overview of the arrangements for governing and managing ethics, responsible corporate citizenship and stakeholder relationships;

8.2.2 key areas of focus during the reporting period;

8.2.3 measures taken to monitor organisational ethics, corporate citizenship and stakeholder relationships and how the outcomes were addressed; and

8.2.4 planned areas of future focus.

9. EVALUATION

9.1 The Committee shall perform a self-evaluation of its effectiveness every year and report the results thereof to the Board.

9.2 The Board must perform an evaluation of the effectiveness of the Committee, the chairman of the committee as well as the individual members of the Committee every year in order to ensure that they are adequately performing their responsibilities.

10. REVIEW

These terms of reference will be reviewed annually by the Board, and subject to the approval of the Board, amended accordingly.