



# **SHOPRITE HOLDINGS LIMITED**

## **SOCIAL AND ETHICS COMMITTEE TERMS OF REFERENCE**

**This is the Terms of Reference reviewed and approved by the Social & Ethics Committee of Shoprite Holdings Ltd at a meeting on 16 February 2023.**

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## **1. CONSTITUTION**

- 1.1 The Social and Ethics Committee ("the SEC" or "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 SEC 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 SEC 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**

- 2.1 The purpose of these terms of reference is to set out the SEC's role and responsibilities as well as the requirements for its composition and meeting procedures.
- 2.2 The SEC 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 include 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 SEC comprises of 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 SEC must collectively have sufficient qualifications and experience to fulfil their duties as outlined in these Terms of Reference.
- 3.3 The SEC is chaired by a non-executive Board member who is not the Chairman of the Board. The Board elects the Chairman of the SEC from the elected members.

### **4. ROLE**

- 4.1 The SEC has an independent role with accountability to the Board.
- 4.2 The SEC 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 SEC is to assist the Board with the oversight of social and ethical matters relating to the Company.

## **5. RESPONSIBILITIES**

### **5.1 SOCIAL AND ECONOMIC DEVELOPMENT**

5.1.1 Monitor the Company's standing in terms of the goals and purposes of the-

- 10 principles set out in the United Global Compact Principles;
- OECD recommendations regarding corruption;
- Employment Equity Act; and
- Broad-Based Black Economic Empowerment Act;

### **5.2 GOOD CORPORATE CITIZENSHIP**

5.2.1 Review and oversee the Company's initiatives related to:

- the promotion of equality, prevention of unfair discrimination;
- the reduction of corruption;
- the contribution to development of the communities in which its business activities are predominantly conducted; and
- sponsorships, donations and charitable givings.

5.2.2 Consider the appropriate measures and targets from management in order to assess the Company's activities and its outcomes in relation to the Company's status as a responsible corporate citizen, across the workplace, the economy, society and the environment; and

5.2.3 Monitor and review the consequences of the Group's activities and how the outcomes affect its status as a responsible corporate citizen.

### 5.3 ENVIRONMENT

#### 5.3.1 Monitor:

- compliance with relevant Environmental legislation; and
- the environmental impact of the Company's business activities, the measures implemented to reduce such impact and the disclosures in this regard.

### 5.4 HEALTH AND PUBLIC SAFETY

#### 5.4.1 Monitor and oversee the Group's:

- compliance with relevant legislation; and
- the environmental impact of the Company's business activities, the measures implemented to reduce such impact and the disclosures in this regard.

### 5.5 CONSUMER RELATIONS

#### 5.5.1 Monitor and oversee the Group's:

- compliance with relevant consumer protection legislation; and
- consumer engagements and communications.

### 5.6 LABOUR AND EMPLOYMENT

#### 5.6.1 Monitor and oversee the Group's:

- compliance with relevant labour legislation;
- standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
- employment relationships, and its contribution towards the educational development of its employees.

## 5.7 TRANSFORMATION

- 5.7.1 Provide input into the development of the overall transformation strategy and roadmap.
- 5.7.2 Review and monitor the group's transformation initiatives, targets and performance in view of the approved strategy and in all relevant areas of the operations including, but not limited to, employment practices, procurement, enterprise development and social responsibility initiatives.
- 5.7.3 Ensure adequate disclosure of the group's transformation targets and performance.
- 5.7.4 Review and ensure the publication of the group's broad-based black economic empowerment (B-BBEE) annual verification certificate.

## 5.8 ETHICS

- 5.8.1 Monitor the development of a framework for the governance of ethics throughout the Group.
- 5.8.2 Exercise ongoing oversight over the management of ethics and, in particular, ensure that there is ethical leadership within the Group.
- 5.8.3 Review and approve the Group's code of conduct and other ethics policies in line with its ethical standards and address key ethical risks.
- 5.8.4 Monitor and review the ethical practices to ensure that such practices are appropriate and in accordance with the Group's ethical standards and nurture a greater focus on ethical leadership.
- 5.8.5 Oversee the implementation of the Company's ethical practices and development of appropriate mechanisms for the prevention, detection and response to fraud and corruption, including whistle-blowing mechanisms.

## 5.9 SUSTAINABILITY

5.9.1 Review and approve the Group's sustainability strategy in relation to material sustainability issues in line with the relevant reporting requirements.

5.9.2 Approve the relevant sustainability targets.

## 5.10 STAKEHOLDER ENGAGEMENT

5.10.1 Review and approve the Group's stakeholder engagement policy and the management of stakeholder risk.

5.10.2 Monitor the implementation of social, sustainability and stakeholder engagement policies through the consideration of management reports.

5.10.3 Provide input on ways to improve the effectiveness of stakeholder engagement issues.

## 5.11 REPORTING

5.11.1 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;

5.11.2 Report to the shareholders at the Company's annual general meeting on the matters within its mandate.

5.11.3 Draw matters within its mandate to the attention of the Board as occasion requires.

5.11.4 The Chairman of the SEC shall compile a general report of the SEC proceedings and submit such reports on the SEC'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 SEC.



5.12 In addition, the SEC performs other duties as delegated by the Board from time to time.

## **6. AUTHORITY**

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

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

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

6.4 The SEC, 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.

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

6.6 The SEC may form and delegate authority to sub-committees, and to one or more designated members of the SEC and to one or more members of the executive to perform certain tasks on its behalf.

6.7 The SEC 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.

6.8 The SEC 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 SEC should regularly report to the Board on matters dealt with and decisions taken by the SEC.

## **7. MEETING PROCEDURES**

### **7.1 FREQUENCY**

- 7.1.1 The SEC will hold sufficient scheduled meetings to discharge all its duties as set out in the terms of reference and its annual work plan, but subject to a minimum of two (2) meetings per year.
- 7.1.2 The SEC shall, after each meeting, provide feedback to the Audit & Risk Committee on any risk management related matters or any other agenda items common to both committees.
- 7.1.3 Meetings in addition to those scheduled may be held at the request of the Chairman of the SEC, the CEO, other members of senior management or at the instance of the Board.
- 7.1.4 The Chairman of the SEC may meet with the chief executive officer, members of senior management and/ or the company secretary prior to a SEC meeting to discuss important issues and to agree on the agenda.

### **7.2 ATTENDANCE**

- 7.2.1 The CEO, COO's, other members of senior management, assurance providers, professional advisors and Board members may attend SEC meetings, by invitation only, but will not be entitled to vote or participate in any decision-making.
- 7.2.2 SEC members must attend all scheduled meetings of the SEC, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Company Secretary.
- 7.2.3 The Company Secretary is the secretary to the SEC. The Company Secretary shall attend all SEC meetings and record proceedings and decisions taken at the SEC meetings.

7.2.4 If the elected Chairman of the SEC 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.

### 7.3 AGENDA AND MINUTES

7.3.1 The SEC 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.

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

7.3.4 The minutes are completed as soon as possible after the meeting and circulated timeously.

7.3.5 The minutes will be formally approved by the SEC at its next scheduled meeting and may also be distributed to the Board.

7.3.6 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.

### 7.4 QUORUM

7.4.1 A representative quorum for meetings is a majority of members of the SEC present.

7.4.2 Individuals in attendance at SEC meetings do not form part of the quorum for SEC meetings.

## **8. DISCLOSURE**

8.1 The Chairman of the SEC shall prepare a statement, for inclusion in the Integrated Report, that describes the SEC's composition and responsibilities (including its mandate), and how these responsibilities were discharged during the relevant financial year.

8.2 The SEC will ensure that the following is disclosed in the 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 SEC must perform an evaluation, at least every two years, of the effectiveness of the Committee and its members, including the Chairman of the SEC, to ensure they are adequately performing their responsibilities in compliance with this charter.

9.2 In addition, the Board must evaluate, at least every two years, the Committee's performance in terms of its composition, mandate and effectiveness.

9.3 Every four years, an independent assessment of the Committee and its members, including the Chairman of the SEC, will be performed by an external service provider.

## **10. REVIEW**

These terms of reference will be reviewed annually by the SEC. Material amendments are subject to the approval of the Board.