

## Social, Ethics, Transformation and Sustainability Committee Mandate

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### 1. Introduction

- 1.1 The Social, Ethics, Transformation and Sustainability Committee ("the Committee") is constituted as a committee of the board of directors ("Board") of Mr Price Group Limited (Registration Number: 1933/004418/06) ("the Company") in terms of section 72(4) of the Companies Act 71 of 2008 (as amended) ("Companies Act") read with Regulation 43 of the Regulations in terms of the Companies Act ("the Regulations").
- 1.2 The Committee, in addition to its statutory duties and responsibilities in terms of the Companies Act and the Regulations, is constituted as a formal committee of the Board for the purposes of reviewing and monitoring the transformation and sustainability practices of the Company.

### 2. Purpose of Mandate

The purpose of this Mandate and its terms of reference hereunder is to record the Committee's role and responsibilities and the requirements for its composition and meeting procedures.

### 3. Terms of Reference

The terms of reference of the Committee and this Mandate are subject to any applicable provisions of the Companies Act (including peremptory requirements of section 72 of the Companies Act), the Regulations (including any peremptory provisions of Regulation 43), the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

### 4. Duties

The duties and responsibilities of the members of the Committee set out in this Mandate 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.

### 5. Composition of the Committee

- 5.1 The Committee must comprise (as contemplated in terms of section 72 of the Act as read with Regulation 43) not less than three directors or prescribed officers (as defined in Regulation 38) of the company, at least one of whom must be a Director who is not involved in the day-to-day management of the Company's business, and must not have been so involved within the previous three financial years of the Company.
- 5.2 The Committee shall be appointed by the Board.
- 5.3 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.
- 5.4 The Committee shall be chaired by a non-executive Board member and who is not the Chairman of the Board ("the Committee Chairman"). The Board shall elect the Committee Chairman from its members.
- 5.5 The Chairman, or another designated member of the Committee, shall attend the Board meetings and shall be prepared to answer questions concerning the Group's social, ethical, transformation and sustainability matters.
- 5.6 The Committee members shall be required to keep up-to-date with developments affecting the purpose of the Committee and the requisite skills to achieve this.

### 6. Role: Social and Ethics

- 6.1 The Committee shall have an independent role as contemplated in terms of the Act and the Regulations, with accountability to the Board.
- 6.2 The Committee does not assume the functions of management, which remains the responsibility of the executive directors, officers and other members of senior management.
- 6.3 The role of the Committee shall be to assist the Board with the oversight of social and ethical matters relating to the Company.

## **7. Role: Transformation**

7.1 The role of this Committee is to monitor and report on the Company's business responsibility with respect to the implementation of transformation practices that are consistent with good corporate citizenship.

7.2 The Committee's scope of focus will be guided by the following:

- Broad-based Black Economic Empowerment (B-BBEE) requirements as described in the Department of Trade and Industry's Codes of Good Practice as published in the Government Gazette (including the Generic Scorecard therein contained), as amended or replaced from time to time;
- Transformation legislation as set out in the Employment Equity and Skills Development Acts as amended or replaced from time to time;
- Any other legislation which may from time to time be applicable to the transformation practices of the Company or the fulfilment by the Committee of its role in terms hereof;
- The Company's transformation commitments and requirements; and
- The Company's desired corporate citizenship codes and policies.

## **8. Role: Sustainability**

8.1 The role of this Committee is to assist the Board with its sustainability responsibilities by:

- 8.1.1 Recommending relevant policies for approval;
- 8.1.2 Monitoring the implementation of the policies;
- 8.1.3 Reviewing reports covering all substantive matters relating to sustainability issues;
- 8.1.4 Considering the reporting of sustainability issues; and
- 8.1.5 Considering on all material and relevant issues that have a significant impact on the company and its stakeholders.

## **9. Responsibilities: Social and Ethics**

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

- 9.1.1 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:
  - 9.1.1.1 social and economic development, including the Company's standing in terms of the goals and purposes of:
    - 9.1.1.1.1 the 10 principles set out in the United Nations Global Compact Principles;
    - 9.1.1.1.2 the Organisation for Economic Co-operation and Development recommendations regarding corruption;
    - 9.1.1.1.3 the Employment Equity Act 55 of 1998, as amended; and
    - 9.1.1.1.4 the Broad-Based Black Economic Empowerment Act 53 of 2003, as amended;
  - 9.1.1.2 good corporate citizenship, including the Company's:
    - 9.1.1.2.1 promotion of equality, prevention of unfair discrimination and reduction of corruption;
    - 9.1.1.2.2 contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
    - 9.1.1.2.3 record of sponsorship, donations and charitable giving;
  - 9.1.1.3 the environment, health and public safety, including the impact of the Company's activities and of its products or services;
  - 9.1.1.4 consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and
  - 9.1.1.5 labour and employment, including:
    - 9.1.1.5.1 the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
    - 9.1.1.5.2 the Company's employment relationships, and its contribution towards the educational development of its employees;
- 9.1.2 drawing matters within its mandate to the attention of the Board as occasion requires; and
- 9.1.3 reporting, through the Committee Chairman or one of its other members, to the Board at its meetings and to the shareholders at the Company's annual general meeting, on the matters within its mandate.

9.2 In addition, the Committee shall perform any additional duties, delegated by the Board relating to social and ethical matters.

- 9.3 This includes a review of the process for communicating the Code of Conduct to company personnel, and for monitoring compliance therewith.

## **10. Responsibilities: Transformation**

- 10.1 The Committee is responsible for performing all the functions as are necessary to fulfil its responsibilities in respect of transformation, including the following:
- 10.1.1 to review and monitor the Company's progress towards the achievement of the desired Employment Equity, Skills Development and B-BBEE scorecard targets and transformation objectives;
  - 10.1.2 to review and monitor the Company's management of transformation and B-BBEE principles in a manner that ensures sustainability of the business and the good reputation of the Company;
  - 10.1.3 to review and monitor the goals and plans of the Company regarding transformation, it being recorded that:
    - 10.1.3.1 the People Service Division Board, chaired by the Chief Executive Officer (or his nominee in his absence), is principally responsible and accountable for the implementation and monitoring of the transformation practices of the Company; and
    - 10.1.3.2 the People Service Division Board shall be assisted in its objectives by the Mr Price Employment Equity and Skills Development Committee, chaired by the Group People Director (or his nominee in his absence).

## **11. Responsibility: Sustainability**

- 11.1 The Committee is responsible for overseeing the development and implementation of a Board approved Sustainability Strategy, including appropriate measurement targets which:
- 11.1.1 Monitor and report on the Group's stakeholder engagement initiatives in respect of social and environmental issues;
  - 11.1.2 Monitor management's sustainability initiatives and reporting; and
  - 11.1.3 Report on sustainability issues, targets and progress to the Board.
- 11.2 In conjunction with the Audit and Compliance Committee, this Committee must review the disclosure of sustainability issues in the annual integrated report to ensure that it is reliable and does not conflict with the financial information.
- 11.3 The Committee is to recommend to the Board whether or not to engage an external assurance provider on material sustainability issues.

## **12. Authority**

- 12.1 The Committee acts in accordance with the delegated authority of the Board, as recorded in this Mandate.
- 12.2 The Committee shall have the power to investigate any activity within the scope of its terms of reference.
- 12.3 The Committee may consult with or receive advice from any person, subject to any Board approved process being followed.
- 12.4 The Committee, in the performance and fulfilment of its duties, is entitled in terms of section 72(8) of the Act to:
- 12.4.1 require from any director or prescribed officer of the Company any information or explanation necessary for the performance of the committee's functions;
  - 12.4.2 request from any employee of the Company any information or explanation necessary for the performance of the committee's functions;
  - 12.4.3 attend any general shareholders meeting;
  - 12.4.4 receive all notices of and other communications relating to any general shareholders meeting; and
  - 12.4.5 be heard at any general shareholders meeting contemplated in this paragraph on any part of the business of the meeting that concerns the committee's functions.
- 12.5 The Company is obliged, in terms of section 72(9) of the Act, to pay all the expenses reasonably incurred by the Committee, including, if the Committee considers it appropriate, the costs or the fees of any consultant or specialist engaged by the Committee in the performance of its functions.
- 12.6 The Committee shall have reasonable access to the Board, the chairpersons of any other Board Committees and the Company's records, facilities and employees necessary to discharge its duties and responsibilities, subject to any Board approved process.
- For the avoidance of any doubt, in the event of any conflict between this paragraph and section 72(8) of the Act, the provisions of the Act shall prevail.

- 12.7 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 of the Company.

### 13. Meetings and Procedures

#### 13.1 Frequency

The Committee shall hold sufficient scheduled meetings to discharge all its duties as contemplated herein and its work plans, subject to a minimum of two meetings per annum.

#### 13.2 Committee Secretary

The Company Secretary is the secretary to this Committee but may not vote.

#### 13.3 Attendance

13.3.1 Any executive management, other assurance provider or professional advisor of the Company may be in attendance at Committee meetings, by invitation, at the reasonable discretion of the Committee Chairman, but may not vote.

13.3.2 Board members are entitled at all times to attend meetings of the Committee, but may not vote.

13.3.3 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 Committee Chairman or Committee Secretary.

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

#### 13.4 Agenda and Minutes

13.4.1 The Committee should establish a work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

13.4.2 An agenda, together with any supporting documentation, should preferably be circulated, at least one week prior to each meeting to the members of the Committee and any other invitees.

13.4.3 Committee members must be fully prepared for Committee meetings in order to provide appropriate and constructive input on matters discussed.

13.4.4 The minutes of the Committee should be completed by the Committee Secretary as soon as reasonably possible after the meeting and circulated firstly to the Committee Chairman for input and thereafter to members of the Committee for review. The minutes must be formally approved by the Committee at its next scheduled meeting.

13.4.5 Minutes of the meeting, signed by the Committee 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.

#### 13.5 Quorum

13.5.1 A quorum for meetings of the Committee is a majority of members present (either in person or by electronic means), provided that if the Committee consists of an even number of members a quorum shall be constituted if fifty percent of such members are present.

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

### 14. Evaluation

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

- 14.2 The Committee shall review this Mandate from time to time and recommend any amendments arising to the Board for approval.

### 15. Approval

Approved this 8<sup>th</sup> day of November 2016.

  
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**K Getz**  
Social Ethics, Transformation and  
Sustainability Committee Chairman  
Mr Price Group

  
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**NG Payne**  
Chairman  
Mr Price Group