

COMMUNICATION ON PROGRESS: 1 JULY 2021 – 30 JUNE 2022

DESCRIPTION OF ACTIONS DURING THE REPORTING PERIOD

HUMAN RIGHTS

Sources of information

Human Rights Policy: <https://kap.co.za/wp-content/uploads/2022/04/human-rights-policy.pdf>

Code of Ethics: <https://kap.co.za/wp-content/uploads/2022/04/kap-code-of-ethics-14022020.pdf>

Supplier Code of Conduct: <https://kap.co.za/wp-content/uploads/2022/04/kap-supplier-code-of-conduct.pdf>

Social and Ethics Committee Report (within the 2022 Corporate Governance Report):
<https://kap.co.za/wp-content/uploads/2022/10/kap-corporate-governance-report-2022.pdf>

2022 Integrated Report: <https://kap.co.za/wp-content/uploads/2022/10/kap-integrated-report-2022.pdf>

Actions

We recognise that we have a responsibility to respect human rights and as such human rights principles are incorporated into our group policies and practices. The relevant policies are our Human Rights Policy, our Code of Ethics and our Supplier Code of Conduct. Our commitment to human rights is also reflected in our core values of *leading responsibly, respecting society, valuing the environment, embracing diversity, respecting its people and innovating relentlessly*.

During the reporting period, our Social and Ethics committee reviewed KAP's human rights policies. The committee has decision-making authority with regard to its statutory duties, and is accountable in this respect to both the board and shareholders. With regard to its other mandated duties, it reports and makes recommendations to the board. In respect of the prescribed duties of a social and ethics committee, the committee acts on behalf of all subsidiaries in the KAP group, as permitted by section 43(2) of the Companies Regulations. The role of the committee is to assist the board with the oversight of social and ethical matters relating to the group. The overall objectives of the committee include the following:

- to monitor activities with regard to the duties that are attributed to it by the Companies Act, the JSE LRs and King IV™, with a specific focus on those duties stated in regulation 43(5) of the Companies Act, relating to
 - social and economic development; the prevention of fraud and corruption and the promotion of ethical behaviour, materially in accordance with the Organisation for Economic Co-operation and Development's ('OECD') recommendations and in line with the 10 Principles set out in the United Nations Global Compact ('UNGC');
 - good corporate citizenship;
 - the environment, health and public safety;
 - public relations and consumer relationships;
 - employment and labour relations;
 - compliance with applicable legislation, with a specific focus on the EE aspects and the B-BBEE Codes; – consumer protection laws;
 - the impact of the company's activities, products and services on communities;
- to draw to the board's attention matters within our mandate as required; and

- to report to the KAP shareholders on the matters within our mandate.

KAP has taken the following actions in respect of human rights (please see our Human Rights Policy, Code of Ethics and Supplier Code of Conduct for further detail):

- **Non-discrimination:** We have a zero-tolerance approach to discrimination and any form of form of harassment on the basis of race, religion, gender, colour, creed, age, political opinion, social status, physical or mental disability or sexual orientation. We are committed to treating individuals justly and according to their abilities to meet the requirements and standards of their role. Furthermore, we actively strive to increase diversity in the group, in line with our employment equity targets and commitment to broad-based black economic empowerment targets.
- **Workplace health and safety:** We strive to provide an environment zero occupational harm for our employees. We provide the appropriate safety equipment to protect our employees and contractors and provide ongoing safety training and induction to both employees and contractors. Worker participation is encouraged in developing safer work practices through the appointment of safety representatives from the shop floor. We are committed to various health programmes to ensure the general health of its employees, including programmes addressing Covid-19 and HIV/Aids.
- **Fair wages and compensation and standard of living:** We are committed to providing fair and competitive remuneration and benefits packages to attract and retain the best people and to create the opportunity for its employees to earn livelihoods appropriate to relevant territory, industry, job function and legislative and regulatory frameworks. We meet or exceed the minimum wage requirements as legislated and in territories where no such minimum wage exists or where there is insufficient minimum wage legislation, the group adopts industry market practices. We regularly conduct an analysis of pay differentials to ensure that all of its divisions comply with the principles of equal pay for work of equal value. We endeavour to provide access to medical services and/or medical insurance, retirement provident facilities and disability and group life insurance. Membership of a retirement scheme is compulsory for all our permanent employees. Overtime work is strictly monitored to ensure the Group remains compliant with all the relevant labour laws in the countries in which it operates. We believe that a healthy workforce is entitled to breaks during working hours, paid leave and working hours within the legal limit.
- **No child labour and forced/bonded labour:** We respect the rights of children and no entity in the group will employ anybody under the age of 18, and all reasonable steps are taken to verify the age of workers when employed. In addition, no forced or bonded labour is used. We have a zero tolerance for modern slavery, forced labour and human trafficking. We expect our suppliers to employ on similar terms and would not knowingly acquire materials or products from suppliers who make use of child or forced labour.
- **Freedom of association and collective bargaining:** We actively seek to develop social dialogue and productive working relationships with representative trade unions and worker representatives to encourage communication, consultation and negotiation. We respect the rights of employees to choose to be a member of a trade union or to bargain collectively without fear of intimidation. Where employees are represented by a trade union, we are committed to establishing constructive dialogue with their chosen representatives. In situations or countries where the rights regarding freedom of association and collective bargaining are restricted by law, the group facilitates and develops alternative structures for meaningful workplace communication and consultation.

- **Community engagement:** We acknowledge that we have a responsibility to support the communities in which we operate and is committed to making a lasting positive impact on society. Our approach to engaging with the communities is based on building mutually respectful, beneficial and lasting relationships with all community stakeholders through transparency, social justice, integrity and accountability. We respect the legitimate rights, interests and perspectives of indigenous peoples and takes into account their unique and special connections to land, water and other natural resources. Indigenous peoples are generally accepted as those people having a historical continuity with the land prior to precolonial societies. Prior to any material investment decision, we identify the key community opportunities and risks, and, where appropriate and in conjunction with the community, develop strategies that mitigate risk and create opportunities for both KAP and the relevant community. Integral to this process, we provide stakeholders with formal channels through which they can address concerns and grievances with the Group in a structured and reliable way. We continuously monitor developments within the communities through regular engagement in both formal and informal structures and by proactively developing plans to address community issues when they arise.
- **Right to privacy:** We respect the privacy of all individuals by complying with all the applicable laws on the collection, storage, use, retention, transfer, protection and deletion of personal data. We only process data lawfully and will only keep personal data for as long as it is strictly necessary and for the purpose for which it was collected.

Examples of implementation of the policies

- **Human capital strategy:** We have recently developed a human capital strategy, which is currently in the implementation phase. Our aim is to attract the best people to create a high-performance culture in which our employees are engaged, motivated and equipped to support the achievement of our group strategy. The core elements and objectives of our human capital strategy are:
 - a positive and safe work environment that encourages a sense of well-being in our employees; meaningful work that fosters a sense of belonging and encourages professional and personal growth;
 - growth opportunities that enable our employees to be leaders, and our leaders to grow and excel; and
 - rewards for and recognition of outstanding performance and stewardship.

To support our human capital strategy, we have formulated an employee value proposition for each of our divisions. This defines the employee experience we aspire to offer both our current and future employees in return for their skills, capabilities and engagement.

We have also conducted employee climate surveys across the group to assess the levels of employee engagement. This enables us to develop a set of comprehensive people practices and frameworks to deliver on our objectives.

- **Responsible employment:** As a group, we subscribe to the principles outlined in UNGC, the recommendations of the International Labour Organisation ('ILO'), and the regulatory framework defined by the OECD. We annually measure the group's practices against these benchmarks. We meet or exceed all minimum wage requirements as legislated in South Africa and all the countries in which our businesses operate. Our employees have the option to

participate voluntarily in both medical and health schemes. Membership of a retirement scheme is compulsory for permanent employees. We comply with the provisions of the Basic Conditions of Employment Act (No. 75 of 1997) and other labour laws, which prohibit forced labour, regulate hours of work, rest periods and overtime work, and we do not employ children under the age of 18 years. Overtime work is strictly monitored and reported on by each division to ensure that we have a healthy workforce and create a safe working environment for our employees.

- **Creating an ethical culture:** The KAP code of ethics is made available and explained to all employees as part of their induction and a condition of employment. Our code of ethics provides employees with information about the core principles of the group, including legal compliance, ethical dealings, labour practices, human rights, and gender and race diversity. We recognise the right of employees to freedom of association, organisation and collective bargaining.
- **Diversity:** We are committed to creating a diverse workforce. We are fully compliant with the provisions of the Employment Equity Act (No. 55 of 1998) and have implemented policies which prohibit race, gender, and all other forms of discrimination in the workplace. We also comply with the provisions of the B-BBEE Act as well as with the amended B-BBEE Codes of Good Practice. As a group, KAP has a Level 4 B-BBEE rating (FY21: Level 5), with divisions being rated individually between Levels 2 and 6. Our B-BBEE verification process is conducted independently by AQRate.

Our permanent workforce comprises predominately black employees, at 90.4% of total, slightly down from last year. On a senior management level, black employees comprise 15.6% of total positions, down from last year (16.4%). On a middle and junior management level, black employees comprised 31.7% and 68.4% of total positions respectively, compared with last year at 32.1% and 66.9% respectively. At board level, 27% of the directors are female, with 18% of the total board composition comprising black females. While women comprise only 19% of our total permanent staff complement, they hold 26% of managerial positions (junior management and higher). We are also committed to providing an accommodating work environment for people with disabilities. Of our employees, 103 are people with disabilities.

- **Investing in communities:** We work with several organisations to enhance our community development activities. Our focus is on childhood nutrition, education and enterprise development, with the objective of reducing poverty and unemployment. Importantly, some of our manufacturing businesses operate in communities that are negatively affected by unemployment, poverty, poor service delivery and related socioeconomic issues. As many of our employees live in these communities, we are deeply committed to ensuring that they are stable and sustainable. Our commitment goes beyond financial investment. We endeavour to build relationships with our communities that are mutually beneficial, respectful and lasting through an approach of transparency, social justice, integrity and accountability. We have formal structures to manage engagement with our communities in an open and collaborative way. Over the course of the year, our spending on social development projects amounted to R25 million (1% of profit after tax), an increase of 79% on FY21. As one of the larger manufacturing companies in South Africa, we can have a meaningful impact on the sustainable growth of small businesses through our enterprise and supplier

development ('ESD') programmes. Over the past year, we have invested R87 million (FY21: R41 million) in ESD programmes to support small and black-owned businesses.

- Due diligence: We conduct due diligence on our own operations and the bulk of our value chain when we have material expansions to our operations (for example, environmental impact assessments). During the course of normal business, ESG risks, including those relating to human rights, are identified as part of our enterprise risk management framework. In relation to this, we support initiatives to support critical municipal infrastructure and maintenance in the communities in which we operate.

Measurement of outcomes

- Any violations, grievances and disputes regarding human rights can be reported through the formal channels that are established for employees and, where appropriate, for the communities. In addition, stakeholders, including employees, have the opportunity to report human rights violations anonymously, to an independently managed ethics hotline, namely KAPREF. KAPREF is available to both national and international callers. These communications remain confidential and are only disclosed to others as necessary to assist with the investigation of the alleged violation or to take appropriate action or when required by law. Hotline activities are reported to the social and ethics committee, the audit and risk committee and the board. One hundred hotline calls and alternative disclosures were made during the year, with each one investigated through the appropriate channels.
- We have internal targets to increase black representation across all managerial levels in line with the prescribed Economically Active Population statistics in terms of the provisions of the Employment Equity Act (No. 55 of 1998). Gender diversity is also a key focus for us. Management has set internal targets to improve gender diversity in leadership positions over the next five years, and to improve female representation across all operations.

Actions to improve outcomes

- Communities: We are working with the Department of Trade, Industry and Competition ('dtic'), the Department of Cooperative Governance and Traditional Affairs ('CoGTA'), the South African Local Government Association ('SALGA') and local municipalities in areas where our businesses operate to support the provision of basic municipal services, maintenance of existing infrastructure and investment in new bulk infrastructure to enable municipalities to retain and attract businesses, create jobs and invest in community development. We increased our social and economic development ('SED') activities during the year. In order to have the most meaningful impact, we are in the process of consolidating our activities into a number of key focus areas. We prioritise active and sustained community engagement and partnership. We are committed to reducing our environmental footprint and have adopted energy, water and waste strategies to deliver on this initiative.
- Employees: We are in the process of implementing our human capital strategy, which is broadly aimed at creating a safe and supportive environment for our employees to grow and excel, and ensuring that outstanding performance and stewardship is recognised and rewarded. We have made significant progress in identifying and eliminating barriers to achieving our objective of a diverse and inclusive workforce across all employee grades, which will, together with the implementation of our human capital strategy, result in an improved

outcome. Reducing road fatalities is a strategic imperative for us. Our DriveRisk business has an important role to play in this regard. Its solutions are utilised across most of our logistics operations.

LABOUR

Sources of information

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Actions

We endeavour to employ the best people in the relevant industries, to provide them with opportunities to grow and develop, and offer them a safe and sustaining environment to work in.

- Workplace health and safety: We strive to provide an environment zero occupational harm for our employees. We provide the appropriate safety equipment to protect our employees and contractors and provide ongoing safety training and induction to both employees and contractors. Worker participation is encouraged in developing safer work practices through the appointment of safety representatives from the shop floor. We are committed to various health programmes to ensure the general health of its employees, including programmes addressing Covid-19 and HIV/Aids.
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Examples of implementation of policies during the year

- Training and development: We create a positive environment to encourage our employees' ongoing development by providing either financial assistance or time off to pursue degree or diploma courses. We invested R153 million in training and development (FY21: R125 million) and offered 1 100 internships, learnerships and apprenticeships to both employees and unemployed learners as part of our human capital development programme. This included 232 people with disabilities. Black people comprised 99% of the participants. The learnership programmes provide both a theoretical and a practical learning environment, and all these programmes provide a pipeline of potential skilled artisans for our operations. We offer both on-site and off-site training by accredited training providers. When positions become available in the group, candidates are sourced first from this pool of learners. Wherever possible and applicable, we employ people from local communities.
- Labour relations: We have sound relationships with all stakeholders, including industry organisations and trade unions, and we create an environment conducive to achieving mutually beneficial outcomes and collective agreements with these unions. We also play a meaningful role in industry structures, including in the bargaining council structures and employer associations in the industries in which our divisions operate. We maintain relationships with key regulators. Approximately 59% of our workforce in South Africa belongs to collective bargaining units.
- Health and safety: We are committed to a zero-harm environment for all our employees. Our efforts of instilling a safety-first culture within KAP are evident in the significant decrease in reportable injuries in terms of the Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993) ('COID'). During the past year, our divisions continued to focus on preventing workplace injuries, illnesses and fatalities by mitigating hazards and continually improving workplace conditions, processes and systems, in line with our zero-harm target. At an operational level, we have in place comprehensive safety management systems, processes and procedures aligned with the Occupational Health and Safety Act (No. 85 of 1993). Each business identifies, measures and reports on health and safety matters. Compliance is

reported quarterly at the divisional audit and risk committee meetings. We also continuously train employees and contractors in health and safety procedures.

Our occupational health and safety ('OHS') procedures include a risk management plan that is supported by a legal, risk and incident register, which allows for the identification of hazards, as well as regular risk assessments, internal audits, safety training, management reviews and third-party audits. These are undertaken on both existing business and any new projects. Targets are set by each business and their performance is measured against these. In-depth investigations of all OHS incidents are conducted, and mitigation procedures are reviewed regularly. Because the equipment and certain raw materials used at some of our manufacturing facilities can be potentially dangerous to our employees, they are trained to adhere strictly to all required health and safety regulations. In our logistics operations, road accidents present the most material risk to the safety of our employees. Road safety is therefore one of our top priorities. We continuously conduct driver training and roll out broad-based road transport safety campaigns. Our investment in technology to monitor our drivers' behaviour and levels of fatigue has contributed to reducing the number of road traffic incidents we record every year. Our DriveRisk business is also focused on improving safety on our roads by deploying leading global technologies. Three employee fatalities occurred during working hours, at our employees' place of work, compared with four in the prior year. Two employees passed away in road accidents and one employee passed away as a result of a plantation fire at our northeastern Cape plantation in Ugie. Our disabling injury frequency rate improved from 1.7 to 1.2.

Various programmes are in place to support the general health of our employees. HIV/Aids is addressed in all divisional policies, and each division has a comprehensive, holistic programme in place to promote awareness, prevention and voluntary testing, as well as to provide support. Policies cover issues such as confidentiality and protection from discrimination. We are committed to implement programmes that are relevant and valuable to our employees in each division. Where applicable, local communities are involved in initiatives such as World Aids Day and HIV/Aids education. Where appropriate, certain businesses have invested in on-site occupational and primary healthcare clinics for their employees. The clinics play a crucial role in dealing with injury-on-duty cases and offer first aid assistance. They are run by qualified nursing staff, who are assisted by medical doctors. The services they offer include workplace health risk assessments, chronic disease screening and management (including for tuberculosis), industrial hygiene and medical surveillance. They also offer primary healthcare medication and family planning guidance. Where there is no clinic on site, an occupational health practitioner is contracted to perform medical surveillance. Within our transport environment, mobile clinics are available on the main routes we use. These clinics test for chronic conditions and dispense chronic and other primary care medication.

Measurement of outcomes

- We have internal targets to increase black representation across all managerial levels in line with the prescribed Economically Active Population statistics in terms of the provisions of the Employment Equity Act (No. 55 of 1998). Gender diversity is also a key focus for us. Management has set internal targets to improve gender diversity in leadership positions over the next five years, and to improve female representation across all operations.
- We have a target of zero-harm environment for all our employees. Our occupational health and safety ('OHS') procedures include a risk management plan that is supported by a legal,

risk and incident register, which allows for the identification of hazards, as well as regular risk assessments, internal audits, safety training, management reviews and third-party audits. These are undertaken on both existing business and any new projects. Targets are set by each business and their performance is measured against these. In-depth investigations of all OHS incidents are conducted, and mitigation procedures are reviewed regularly.

- Each year, the remuneration committee reviews remuneration differentials across job grades to ensure that there are no disproportionate income differentials. Where disproportionate income differentials are detected, immediate corrective measures are implemented. Disproportionate income differentials refer to unfair and irrational differences in pay that cannot be justified based on the nature of the work performed, seniority, tenure, qualifications, ability, competence or any other relevant non-discriminatory factors. The committee is satisfied that no disproportionate pay differentials exist and that all pay differentials are justifiable and not attributable to gender or race bias.

Actions to improve outcomes

- We are in the process of implementing our human capital strategy, which is broadly aimed at creating a safe and supportive environment for our employees to grow and excel, and ensuring that outstanding performance and stewardship is recognised and rewarded. We have made significant progress in identifying and eliminating barriers to achieving our objective of a diverse and inclusive workforce across all employee grades, which will, together with the implementation of our human capital strategy, result in an improved outcome. Reducing road fatalities is a strategic imperative for us. Our DriveRisk business has an important role to play in this regard. Its solutions are utilised across most of our logistics operations.

ENVIRONMENT

Source of information:

Social and Ethics Committee Report (within the Corporate Governance Report):

<https://kap.co.za/wp-content/uploads/2022/10/kap-corporate-governance-report-2022.pdf>

Environmental policy: <https://kap.co.za/wp-content/uploads/2022/04/enviromental-policy.pdf>

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Actions

In relation to the environment, we are committed to (please see the above reports for more detail):

- Proactively promote the awareness of environmental management throughout the group that not only reduces the group operations' impact on the environment but also benefits employees, the community at large, shareholders, customers and the environment.
- Ensure that our operations adopt and utilise acceptable and industry-appropriate management practices, and maintain proper standards, for environmental management.

- Ensure as a minimum, that the group meets all environmental regulatory requirements.
- Incorporate environmental stewardship and related considerations into the KAP strategic framework and business decisions.
- Be responsive to the changing environmental challenges and how they impact on the Group's businesses.
- Ensure co-operation and engagement with government, local communities, employees and other interested parties to improve understanding, promote constructive interaction and seek solutions to common environmental and social issues.
- Ensure the management of wastes, effluents, emissions, dust and the use of hazardous substances to prevent pollution.
- Reduce the group's greenhouse gas emissions and promote participation in climate change initiatives.

Examples of implementation of policies

During the year, we have undertaken the following (please see our 2022 Integrated Report on our website for more detail):

- We have developed an energy strategy, aimed at reducing electricity consumption, mitigating supply interruptions and non-supply, self-generation, cogeneration and storage. We undertook detailed energy assessments to identify initiatives to reduce electricity consumption and completed microgrid designs for all our sites. The development of these initiatives is underway and is at varying levels of maturity throughout the group. Our Safripol business has initiated a project to construct a 10 MW PV plant at its Sasolburg operation to be completed in November 2022.
- We are developing a strategy around the sustainable supply, use and discharge of water, together with the required risk mitigation actions. We are committed to reduce, reuse and recycle water and our divisions have projects in place to achieve this. Reliable measurement is a key element of our water strategy. We have made good progress over the period to improve the measurement and reporting of our water withdrawal and discharges. However, there is room for improvement. Where required, our divisions have water use licences, which specify the water usage parameters within which they must operate.
- We have made a commitment of zero waste to landfill. Accordingly, all our divisions have assessed their various waste streams to assess how best they can divert from landfill and apply the principles of the circular economy as part of their waste strategies. The following are examples of our successes:
 - PG Bison uses its waste biomass, a renewable source, to generate energy. The excess biomass is sent to third parties to provide energy or produce compost.
 - Connacher Proprietary Limited, a company in the Restonic division, collects textile waste from the clothing and textile industries and shreds the waste into the reusable fibre used in the sleep products and automotive sectors.
 - Safripol focuses on implementing the circular economy. We are designing polymers with reduce, reuse and recycling principles in mind, such as PET that can be used in refillable or returnable bottle applications. Internally, we have transitioned a portion of our pallet fleet from one-way wooden pallets to returnable plastic pallets in a closed-loop system – after each use, they are returned for repackaging of new products. At end of life, the plastic pallets are recycled into new pallets. We also use clear packaging material to maximise recycling opportunities. In addition, Safripol launched our 'Let's plastic responsibly' campaign in 2021, aimed at encouraging

consumers to remove plastic waste from the environment. We are involved in several waste collection and material recovery activities: the PETCO Bophelo Recycling, litter booms along the lower uMngeni River and Orange River, and the Green Corridors KwaMashu Materials Beneficiation Centre, a product development hub creating durable new products using low-value non-recyclable materials recovered from the environment.

Measurement of outcomes

Our divisions measure key environmental metrics – energy consumption, water consumption and waste generation annually, and are committed to reduce their impact on the environment. As we are still in the process to verify the accuracy of data, specifically in relation to water consumption and waste generation, specific targets have not yet been set.

During the year, the social and ethics committee noted that there has been a positive convergence between the group strategy, combined assurance, all the ESG elements and sustainability. ESG governance and target setting are now part of the strategy. In future, the KAP approach to ESG and sustainability will be driven by two primary principles, namely:

- relevance to the KAP value proposition and strategy; and
- consideration of risk within the context of KAP's enterprise risk policy.

Actions to improve outcomes

We are on a journey to improve our contribution to the UN SDGs and our reporting on our sustainability impact. The first step in our journey was to complete a mapping of our contributions to the SDGs over the past three years. This showed that our focus has been directed largely at nine of the SDGs through our current business activities, although, we have made contributions to 15 of the 17 SDGs. Through this process, we realised that we do more as a group than our current reporting reflects. A key focus going forward is therefore holistic data management in support of our sustainability footprint, and the alignment with our digital transformation initiatives to capture and report our activities comprehensively. Our next step is to develop an SDG roadmap for each of our divisions, taking into account the material issues relevant to each division, sector-specific requirements, JSE Sustainability Disclosure Guidance and our group SDG priorities, linked to the group strategy. Our SDG priorities are derived from our material sustainability matters and include: health and safety, transformation and diversity, our employee value proposition, GHG emissions, water consumption, waste management, community relations and socioeconomic development.

ANTI-CORRUPTION

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Our approach to doing business is encapsulated in our Code of Ethics and various other policies such as our Supplier Code of Conduct and Human Rights Policy. Employees sign the Code of Ethics as a condition of employment. The following aspects in our Code of Ethics deal with corruption (please see our Code of Ethics for more detail):

- **Compliance with Laws:** All our employees are expected to abide by the laws of the country in which they operate, and to ensure that the area of activity for which they are responsible within KAP does likewise.
- **Conflicts of Interests:** All our employees are expected to devote their time, attention and abilities to the performance of their duties during normal working hours
- **Gifts:** It is not permissible for employees to give or receive gifts, hospitality or favours that could influence any business decision or that create the appearance of influencing such decision.
- **Anti-bribery:** Company policy and anti-bribery laws around the world prohibit KAP and its employees, or their representatives and agents, from giving or accepting money or other inappropriate enticements, directly or indirectly, to coerce or persuade the obtaining, retaining or awarding of a business opportunity to KAP or any person. KAP expects all employees to comply with such policy and laws.
- **Record keeping:** Our books and records should reflect all business transactions in an accurate and timely manner. Undisclosed or unrecorded revenues, expenses, assets or liabilities are not permissible, and the recordkeeping functions are expected to be diligent in enforcing proper practices.
- **Ethical dealings:** We seek to deal with our suppliers honestly and ethically and our employees must give all potential suppliers fair consideration. Employees may not receive any commissions, money or item of value other than regular remuneration and incentives as provided for in their terms of employment, either directly or indirectly, for negotiating, procuring, recommending or aiding in any transaction entered into on behalf of KAP, nor are they entitled to any direct or indirect financial interest in such transactions.
- **Insider trading:** Various laws of the countries in which KAP operates, prohibit “insider trading” in any circumstances where employees seek financial gain from the use of material non-public, price-sensitive information. No officer, employee or director of KAP (or their associates) in possession of material non-public, price-sensitive information in respect of KAP in whichever country, may buy or sell securities/shares directly or indirectly (e.g. through a broker) of KAP, or engage in any other action to take advantage of such information. “Associates” include an employee’s spouse and children, as well as trustees of trusts in which the employee may have a beneficial interest. In addition, price-sensitive information may never be shared with any third party. Material non-public, price-sensitive information is any information that is not available to the general public that a reasonable investor would consider important or useful in making a decision to buy, hold or sell KAP securities. Material information includes any information which could reasonably be expected to affect the price of securities (e.g. reports of earnings or losses, news of a pending or proposed merger, acquisition or tender offer, irrespective of whether it is negative or positive information).
- **Political contributions:** We refrain from making contributions, directly or indirectly, to candidates for political office or to political parties or committees in any country.

Responsibility for compliance with the policy, including the duty to seek guidance when in doubt, rests with each employee.

- Confidential and proprietary Information: Employees may not use for their own purpose, or disclose to any third party, our intellectual property, trade secrets or other confidential, proprietary or sensitive information of KAP without the prior written consent of KAP.
- Competition law: We subscribe to the principles of free and fair competition as embodied in the relevant competition laws applicable to KAP. We, therefore, require that all employees conduct their business in full compliance with applicable competition laws intended to promote free and fair competition and to not enter into prohibited agreements or practices, formal or informal, such as abuse of dominant position, price fixing, market sharing/division, bid rigging, collusive tendering, etc. Furthermore, all our contractual relationships should be reviewed in advance by the group's legal advisers.

Examples of implementation of policies

The social and ethics committee advocates, and KAP follows, a consistent approach in actively pursuing and prosecuting perpetrators of fraudulent or other illegal activities across our business operations. While the responsibility for the implementation and execution of the group's code of ethics is delegated to management, the committee (with the audit and risk committee and the board) exercises oversight over the management of ethics through the receipt and review of management reports relating to compliance with the group's code of ethics. These reports include statistics of the independent ethics hotline (KAPREF) calls and progress reports on investigations into reported acts of impropriety. The code of ethics commits the group and our employees to the highest ethical standards of conduct and compliance with applicable laws and regulations. The code of ethics is supplied to new employees as part of the group's employee induction process. Major suppliers of goods and services are expected to comply substantially with the provisions of the KAP code of ethics, as embodied in the group's supplier code of conduct. For the period under review, no material incidences of non-compliance with either the code of ethics or the supplier code of conduct were recorded. Both demand high standards of ethical conduct.

Measurement of outcomes

There were no prosecutions for noncompliance with laws or regulations. However, KAP and the Competition Commission remain involved in legal proceedings relating to allegations that a subsidiary of KAP was allegedly involved in price-fixing or anti-competitive behaviour in the period between 2012 and 2015.

Actions to improve outcomes

Sales and senior executives receive annual competition law training.

Employees sign the Code of Ethics as a condition of employment.