



**AEP ENERGY AFRICA LIMITED**

**(Registration number: 2017/024904/06)**

Incorporated in the Republic of South Africa

(the **Company**)

---

**PROMOTION OF GENDER AND RACE DIVERSITY POLICY**

---

## **1. Purpose**

The Promotion of Gender and Race Diversity and Inclusion on the Board Policy ('the Policy') sets out the approach to gender and race diversity and inclusion on the Board of Directors of AEP ('the Board').

## **2. Scope of Application**

The Policy applies to the Board as a whole.

## **3. Strategic context**

Inclusivity is a core pillar of AEP's business strategy. There are a range of initiatives which drive this within and across AEP, one of which is an emphasis on diversity in the make-up of the Board. Boards which are more diverse are known to generate a greater range of perspectives on matters of strategic importance and to guide improved delivery on diversity and transformation imperatives. Over and above this, a growing body of research indicates that gender diversity specifically is instrumental in achieving optimal business performance. Consequently, as part of enabling the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence, geographical diversity, continuity in the knowledge of AEP, gender as well as racial diversity, and other factors as contributors to this effectiveness.

## **4. Policy statement**

AEP recognises and embraces the benefits of a diverse board, particularly with regards to gender and race diversity and inclusion. Targets to increase the numbers of female and black board members are set and reviewed annually by the Nomination Committee (the "Committee") and the Board. Both non-executive and executive directorships are included in the targets.

## **5. Accountability**

The Nominations Committee reviews and assesses the Board composition on behalf of the Board and further recommends the appointment of new Directors. The Nominations Committee also oversees the conduct of the annual review of Board effectiveness.

- 5.1 In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to gender and race in order to enable it to discharge its duties and responsibilities effectively.
- 5.2 In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

## **6. Targets**

Annually, the Committee will discuss and agree targets for the achievement of

gender and race diversity on the Board and will recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

At the date of adoption of this Policy, the board of 10 Directors is composed of 2 Black women (20%), 1 White man (10%) and 7 Black men (70%). AEP's Company Secretary is also a Black woman. The Board aims to achieve at least a 25% level of Black women representation within the next 3 (three) years. In addition, as the Company's operations become more international, the Committee will ensure that the Board's composition is inclusive of members from the regions within which we operate.

## **7. Monitoring and Reporting**

The Committee will monitor progress against targets and will report annually in the corporate governance section of the AEP Integrated Annual Report, on the process it has used in relation to Board appointments. Such report will include a summary of this Policy, targets and progress made towards achieving those objectives.

## **8. Policy Review**

This Policy will be reviewed annually. The Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.