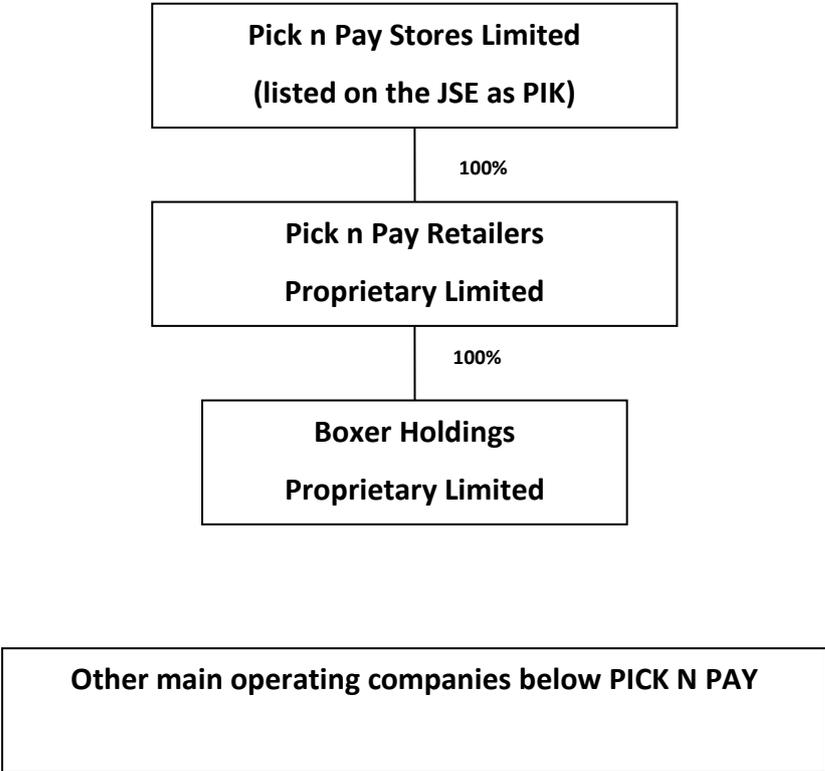


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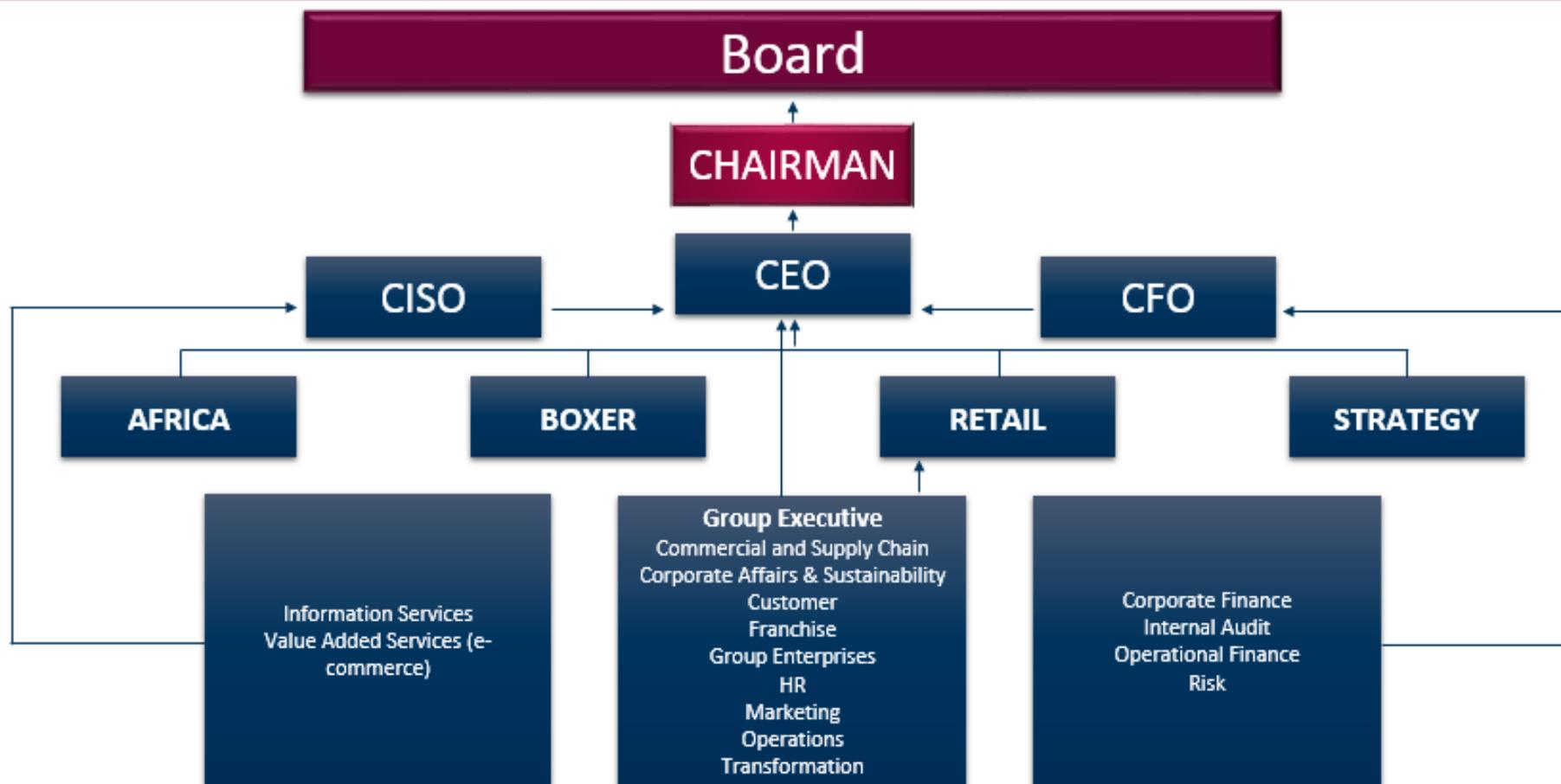
**CORPORATE GOVERNANCE CHARTER OF THE PICK N PAY GROUP**

**THE GROUP STRUCTURE**

*Group Structures at Pick n Pay*



# THE ORGANISATIONAL STRUCTURE OF THE GROUP



## **Leadership of the Group**

### *The Board of Directors*

The Board of directors (the Board) of Pick n Pay Stores Limited (the Company) takes overall responsibility for the Pick n Pay Group (the Group), ensuring that the Group is managed in a transparent, equitable and responsible manner for the benefit of all stakeholders. The Board's role is to assume accountability for the success of the Group by taking responsibility for it, in both success and failure. The Board's responsibilities include enhancing shareholder value, and overseeing the business and the affairs of the Company in light of emerging risks and opportunities. This means selecting a successful management team, overseeing corporate strategy and performance, and acting as a resource for management in matters of planning and policy. The detailed responsibilities of the Board are included in Appendix (I).

### *The Split Roles of Chairman and Chief Executive Officer (CEO)*

To ensure effective governance, the roles of Chairman and CEO should be separate. It is important that the Chairman and the CEO enjoy a working relationship based on mutual trust and respect.

### *The Chairman of the Board ("The Chairman")*

The Chairman leads the Board and is responsible for its efficient operation. The Chairman is elected annually by the Board, should be non-executive, and can be full-time or part-time, depending on the needs of the Board in conjunction with the selected person.

Pick n Pay is a family-controlled Group. The family-nominated Chairman, while being elected by the Board to the position, is not considered to be independent. To strengthen independence on the Board, an independent non-executive director is appointed as lead independent director.

The Board has drawn up a detailed list of responsibilities for the position of Chairman, which has been attached in Appendix (II). The Chairman represents the Board in certain instances and the Board has issued a mandate to the Chairman in this regard including limits of authority. The Chairman's listed

responsibilities and the mandate are living documents that are reviewed by the Board each year.

#### *The Chief Executive Officer (CEO)*

The CEO is appointed by the Board to run the Group on its behalf. The Board is free to appoint the person best suited to the job. The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning. The CEO, through the Chairman, serves as the chief link between management and the Board, ensuring that the day-to-day business affairs of the Group are appropriately managed.

The duties and responsibilities of the CEO are detailed in a formal role description, which is attached in Appendix (IV). The CEO has a written mandate from the Board, similar to the Chairman's mandate, which is reviewed by the Board each year. Included in the mandate are limits of authority, which set out those matters where the CEO has final authority, and those matters where the CEO requires formal approval from the Board.

#### *The Chief Finance Officer (CFO)*

The CFO is appointed by the Board to run the fiscal functions of the Group on its behalf. The Board is free to appoint the person best suited to the job.

The duties and responsibilities of the CFO are detailed in a formal role description, which is attached in Appendix (VI). The CFO has a written mandate from the Board, similar to the mandates of the Chairman and the CEO, which is reviewed by the Board each year. Included in the mandate are limits of authority, which set out those matters where the CFO has final authority, and those matters where the CFO requires formal approval from the Board.

#### *The Chief Information Systems Officer (CISO)*

While the Board takes overarching responsibility for technology and information governance, sets the direction for technology and information and oversees key technology and information functions, the CISO is appointed by the CEO to oversee the deployment of technology to support the strategic aims of the Group, provide commercial opportunities, minimise disruptions and risks arising from the application of technology and ensure that the use of information is secure and restricted to the purpose for which it was given.

The CEO is free to appoint the person best suited to the job. The role does not require membership on the Board. The CISO reports to the CEO, ensuring that the technology and information affairs of the Group are appropriately managed.

The duties and responsibilities of the CISO are detailed in a formal role description, which is attached in Appendix VIII. In light of the Board's overarching responsibility for technology and information governance, the CISO has a written mandate from the Board. The mandate is reviewed by the Board each year. The CISO's limits of authority fall under the CEO, including those matters where the CEO requires formal approval from the Board.

#### *The Composition of the Board of Directors*

In accordance with the Memorandum of Incorporation the company may appoint up to 15 directors, with the minimum number of directors being 4. A majority of the Board must be non-executive directors. A majority of the non-executive directors must be independent. The Board currently consists of 13 directors, with 5 executive directors, while the remainder are non-executive directors.

Pick n Pay is a family-controlled Group, and the controlling shareholder, Ackerman Investment Holdings (Pty) Ltd, has the right to nominate the Chairman, the CEO, the CFO and four further directors, whether executive or non-executive, for appointment by the Board and subsequent election by shareholders. Directors and/or trustees related to the Ackerman Family Trust, the shareholder in Ackerman Investment Holdings (Pty) Ltd, are not considered to be independent. Accordingly, a Lead Independent Director is appointed from amongst the independent non-executive directors.

Each year the Board must review the independence of long-serving independent non-executive directors to ensure that they can still be truly classified as independent. The Board will assess if the director exercises objective judgment and that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

All independent non-executive directors who have served on the Board for over nine years will serve one-year terms of office. Continued tenure will be considered in terms of *Term Limits and Retirement Ages* set out below.

#### *General oversight responsibilities*

When undertaking their responsibilities, the entire Board and each individual member of the Board must apply themselves in a manner that is consistent with their responsibility to the Company and shareholders, and with the provisions of the Companies Act, the King Code of Conduct, the JSE Listings Requirements and all applicable laws.

Such responsibility requires each director to:

- Ensure the Company complies with all applicable laws
- Act in the best interests of the Company, its shareholders and stakeholders
- Use their powers for proper purposes
- Not limit their discretionary powers
- Avoid actual and potential conflicts of interest

Every alternate year, the Board will schedule in its annual work plan an opportunity for consideration, reflection and discussion of its performance and that of its committees, its Chairman and its members as a whole.

#### *Selection and Orientation of New Directors*

The Board is responsible for selecting and recommending potential members for appointment by the Board and subsequent election by shareholders. As set out above under *The Composition of the Board of Directors*, the major shareholder, Ackerman Investment Holdings (Pty) Ltd, has the right to nominate the Chairman, the CEO, the CFO and four further directors, whether executive or non-executive, for appointment by the Board and subsequent election by shareholders. The identification and screening of candidates is performed on behalf of the Board by the Nominations Committee. Directors must first and foremost be tough-minded, independent and objective. They must also be loyal to the principles and values upon which this Group is built. New directors are required to complete an orientation process that includes access to background material, meetings with senior management and visits to Group facilities.

### *Term Limits and Retirement Ages*

The Chairman, non-executive directors, and executive directors who have been nominated as representatives of the controlling shareholder, serve three-year terms of office, provided that independent non-executive directors who have served on the Board for over nine years serve one-year terms of office. Executive directors who have been appointed by the Board as CEO, CFO and CISO (if applicable) will be nominated for election by shareholders following their appointment, for a term of office linked to their employment in that capacity. While directors can serve any number of terms, subject to the age requirement, it is to be considered neither normal nor abnormal that a director's tenure be renewed. At the end of each term that director and the Chairman jointly evaluate the director's contribution. By mutual consent the director may be reconsidered for re-election. The retirement age for non-executive directors is seventy; however in exceptional circumstances the Chairman may invite a director to remain on the Board past his or her retirement age.

### *Honorary Life Presidents*

In recognition of his role as founder of the Company, Mr Raymond Ackerman has been appointed as Honorary Life President of the Company.

In recognition of her lifelong work in the Company, Mrs Wendy Ackerman has been appointed as Honorary Life President of the Company.

The roles are ambassadorial in nature, and recognise Mr and Mrs Ackerman's integrity and experience in contributing to the business, growth, innovation, leadership, social responsibility and entrepreneurship of the Pick n Pay Group of companies.

The Honorary Life Presidents are entitled to attend any meeting of the Board or management of Pick n Pay.

### *Lead Director*

Because the Chairman is not an independent director, a lead independent director must be appointed from and by the non-executive directors to assist with the coordination and liaison with the other independent non-executive directors.

In the event that the Chairman is an independent non-executive director, the controlling shareholder has the right to nominate a non-executive director to be appointed by the Board as lead director. The lead director will provide a point of contact between the controlling shareholder and the independent non-executive directors when they have concerns or perceive potential conflicts of interest.

#### *Company Secretary*

The Board appoints the Company Secretary. The responsibilities of the Company Secretary are:

- to help the Chairman coordinate and administer the operation of the Board
- to provide professional corporate governance services
- to help with the identification and induction of new non-executive directors
- to provide guidance on the discharge of director duties, responsibilities and powers
- to provide guidance on the Group's compliance with all statutory and regulatory requirements and with the Company's Memorandum of Incorporation

#### *Board Meetings*

The Board meets four times per year. The Chairman and CEO establish the agenda for each Board meeting. Directors can request that items be added to each agenda.

#### *Board Effectiveness Review*

The Board has adopted a system whereby it evaluates its own effectiveness as a Board. This review is performed annually.

#### *Information flow to directors*

Directors can elect to receive as much information as they need to satisfy their duties as directors. The standard information flow to directors consists of monthly management accounts, bi-annual result packs, Board minutes, committee minutes and committee reports. There are circumstances where management must not wait until releasing its next management report, but must immediately notify non-executive directors of a particular event. These circumstances are laid out in a schedule and include, inter alia, serious misconduct by members of management, discovery of material fraud, discovery

of material unanticipated loss, and the onset of material litigation against the Group.

#### *The Board of Directors and Senior Management*

Board members have direct access to Pick n Pay's management. All non-executive directors have an open invitation to attend the regular management meetings conducted by the CEO with the senior management team should they so wish.

Whilst the Board is predominantly non-executive in nature, it is important that it be exposed to the management of the Group, and vice versa. In this regard the CEO and the CFO are encouraged to bring Pick n Pay senior management to the Board Meetings from time to time to add additional insight and gain exposure to the Board.

The Group's day-to-day operations are managed by the CEO, who heads up the operational divisions and companies of the Group. The CISO, Managing Director (MD) of the Retail Division of Pick n Pay Retailers (Pty) Ltd, the MD of Boxer Superstores (Pty) Ltd, and the senior management of the operational divisions and companies report to, and operate under mandates approved by, the CEO. The roles and mandates of the MD's and the senior management are reviewed by the CEO annually. The duties and responsibilities of the MD's are detailed in a formal role description, which is attached in Appendix X.

#### *Management Advisory Forum*

The composition of the Management Advisory Forum is determined by the CEO in consultation with the Chairman. It currently includes the CEO, CISO, members of the Board who are executive directors, the MD of the Retail Division, the MD of Boxer and other senior management. The forum operates in two sub-groups:

- the CEO Meeting Sub-Group meets on a regular basis to assist the CEO in operational strategy implementation and to act as a sounding board on issues to be presented to the Board; and
- The Retail Executive Sub-Group meets on a regular basis to assist the MD: Retail in operational strategy implementation and general management of the Retail Division.

In addition, the CEO holds regular meetings with the senior management teams of each division to assist in operational strategy implementation and general management of the division.

#### *Director and Senior Management Dealings in Pick n Pay Shares*

At all times the sale of Pick n Pay shares must be approved as follows:

- The Chairman and other family nominated directors by either the lead independent non-executive director or the chair of the audit, risk and compliance committee
- The CEO and other non-family directors by the Chairman
- The Company Secretary and senior management (Grade A) by the Chairman, with notification to the CEO
- Other senior management (Grades B and C) by the CEO

#### *Closed Periods*

The Board has the following closed periods:

- commencing at the beginning of the February Board meeting and ending with the announcement of the final result to the public;
- commencing at the close of business of the interim half year at the end of August and ending with the announcement of the interim result to the public;

during which time no director or Company Secretary may deal in Pick n Pay shares.

The Pick n Pay Group has closed periods commencing at the end of business on the last day of a financial period (August and February) and ending with the announcement of the interim and final results to the public in which time no employee or Group entity may deal in Pick n Pay shares.

In addition, the Board may impose a voluntary closed period when sensitive information is available to the Board members and senior management.

In line with JSE regulations, all trades in Pick n Pay shares by directors and the Company Secretary must be reported on the JSE Limited Securities Exchange News Service (SENS). Directors must disclose the information required to the Company Secretary without delay, and in any event no later than 3 business

days after trading. The Company Secretary must announce the trade within 24 hours of the information having been received.

### *The Enduring Values at Pick n Pay*

The following three core values reflect the enduring principles of the Group:

- Consumer Sovereignty
- "Doing good is good business"
- Business efficiency

and must endure so that the spirit of Pick n Pay remains intact.

While the Honorary Life Presidents were building the Group, the core values were expressed in the further principles:

- Strive for as flat an organisational structure as possible
- Where appropriate, maximise decentralisation of authority to enable local control
- Promote from within. Recruit from the outside when specialist skills are required
- Maintain a discount image
- Fight collusion amongst suppliers, and reject collusion amongst retailers
- Keep cash, buy forward on the rising market

### *The Custodian of the Enduring Values*

The Board as a whole has a responsibility to ensure that the CEO and management do not depart from the core values. Management will need Board sanction to act contrary to these core values. Any proposed departure is to be deeply considered by the Board, taking full cognisance of the wishes of the Honorary Life Presidents. Furthermore, there is always to be at least one director designated as the 'Custodian of the Enduring Values', charged with the responsibility of ensuring that the Board discharges its duty in the protection of these principles. Currently, the designated directors are the Chairman and the chairman of the Social and Ethics Committee.

### *Gender and Race Diversity Policy*

In terms of item 3.84(i) of the JSE Listings Requirements, the Board has adopted a Gender and Race Diversity Policy:

- The Company supports the principles and aims of promoting gender and race diversity

- The voluntary target set by the Board for gender diversity at Board level is that at least 25% of the Board should comprise of women
- The voluntary target set by the Board for race diversity at Board level is that at least 25% of the Board should comprise of South African citizens who are African, Coloured or Indian
- The Nominations Committee in nominating and recommending the appointment of directors to the Pick n Pay Board shall take into account the requirements of the policy
- The Nominations Committee shall review the Board structure regularly in light of this and other policies to promote diversity

## **COMMITTEE MATTERS**

### *Board Committees*

Committees are established to assist the Board in performing its duties, and the Board is free to form or disband committees as is appropriate. The Board has a standing Audit, Risk and Compliance Committee, Social & Ethics Committee and Remuneration Committee, whilst the Nominations Committee, Corporate Finance Committee and Corporate Governance Committee are ad-hoc. Each committee has a formal charter, which is periodically reviewed by the Board.

All directors have the right to attend any committee meeting.

Other than the Audit, Risk and Compliance Committee, tenure on a committee is linked to the directors' term of office, with the director's contribution being jointly evaluated by the director and the Chairman at the end of each term. By mutual consent the director may be considered for re-appointment to the committee. It is considered neither normal nor abnormal that a director's tenure on a committee be renewed.

### *Audit, Risk and Compliance Committee*

The Audit, Risk and Compliance Committee is chaired by an independent non-executive director and membership comprises only independent non-executive directors. Each member is appointed for a one-year financial period, and is elected by shareholders at the annual general meeting. Each director's contribution to the committee is evaluated by the member and the Chairman at the end of the term. By mutual consent the directors may be nominated by the Board to present themselves to shareholders for election to the committee for a

further period of one year. It is considered neither normal nor abnormal that a director's tenure on the committee be renewed.

To assist the committee, and in line with the combined assurance approach, financial reviews are conducted in major divisions and subsidiary companies. Financial Review Committee (FRC) meetings are chaired by either the CFO or a non-executive director and are attended by the Chairman, CEO, CFO and senior management teams of the divisions and subsidiary companies, as well as the external auditors and the chairman of the committee. Audit, risk and compliance committee members have a standing invitation to attend. The FRC meetings deal with audit related matters in depth per division, and report to the committee in detail.

The committee meets formally twice a year with the external auditors, the Chairman, the CEO, the Group Finance Director and the head of the internal audit function in attendance. The committee has the right to invite other Board members to attend any meeting. In the event that the FRC meetings are chaired by a non-executive director, such director shall attend committee meetings. The committee chairman meets with senior management and the external and internal auditors whenever necessary. The committee's responsibilities are varied and include providing independent oversight of:

- the effectiveness of the Group's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the finance function
- the integrity of the annual financial statements and other external reports issued by the Group
- the management of financial and other risks that affect the integrity of external reports issued by the Group
- ensuring that the necessary internal controls and checks and balances are in place
- establishing that management are enforcing use of the controls
- overseeing any tender process adopted to establish whether new external auditors should be appointed
- acting as a liaison between the external auditors and the Board

The internal and external auditors have unfettered access to the committee and its members throughout the year. The Audit, Risk and Compliance Committee Charter is attached in Appendix (XII).

### *Social & Ethics Committee*

The Social & Ethics Committee has a mandate to monitor compliance with social, ethical and legal requirements, as well as best practice codes of conduct, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. The committee reports to the Board bi-annually and reports to shareholders on relevant matters. The committee consists of a minimum of three directors, a majority of whom must be non-executive directors, as well as senior management and technical experts on areas of mandate.

The committee meets three times a year. Members are entitled to ask for any information or explanation necessary for the performance of the committee's functions from any director or employee of the companies in the Group. While providing overall guidance on social, ethical and legal requirements and policies to the executive, the committee is not mandated to review management decisions in staff labour disputes. The Social and Ethics Committee Charter is attached in Appendix (XIII).

### *Remuneration Committee*

The Remuneration Committee, which meets at least twice a year, is chaired by a non-executive director and comprises non-executive directors, including the Chairman. The CEO and CFO attend each meeting by invitation. The committee is responsible for reviewing and approving the remuneration of directors and senior management, and for reviewing and approving the overall annual increase in remuneration granted to employees. The Chairman, CEO and CFO are excluded from reviewing, deliberating, or approving their own remuneration packages. The Remuneration Committee Charter is attached in Appendix (XIV).

### *Nominations Committee*

The Nominations Committee is an ad-hoc committee, is chaired by the Chairman and comprises non-executive directors. The committee is responsible for identifying and evaluating candidates who could be appointed as directors, the process of nominating, electing and appointing members of the Board, succession planning in respect of the Board and the evaluation of the performance of the Board. Recommendations are presented to the Chairman,

who discusses them with the non-executive directors in the Chairman's Meetings. The Nominations Committee Charter is attached in Appendix (XV).

#### *Corporate Governance Committee*

The Corporate Governance Committee comprises non-executive directors, the Chairman and the Company Secretary, and is chaired by the Chairman. The committee is charged with ensuring that the Group's corporate governance structures comply with the international and national standards of the day. The committee must also ensure that the governance structures at Pick n Pay remain appropriate and effective. The committee makes recommendations to the Board. The Corporate Governance Committee Charter is attached in Appendix (XVI).

#### *Corporate Finance Committee*

The Corporate Finance Committee is an ad-hoc committee, comprising independent non-executive directors, one of whom may be appointed chairman. The committee assists management in assessing and evaluating investment opportunities and capitalisation issues for the Group. Recommendations are presented to the Board. The Corporate Finance Committee Charter is attached in Appendix (XVII).

### **LEADERSHIP DEVELOPMENT**

The Board ensures that the evaluation of its performance and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness.

#### *Board development*

The Board shall regularly assess and evaluate its capabilities by staying up to date with legal and corporate governance developments, as well as risks and changes in the external environment

#### *Formal Evaluation of the CEO*

The non-executive directors evaluate the CEO annually, and the Chairman communicates the results of this evaluation to the CEO. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, etc.

### *Succession Planning*

The Board is responsible for ensuring that there are succession plans in place for the Chairman of the Board and the CEO. The Chairman's recommendation for successor as Chairman of the Board and as the CEO must be known by the Board at all times.

The Board should establish a succession plan for its membership which should include the identification, mentorship and development of future candidates as well as its policy on gender and racial diversity.

The CEO reports annually to the Board on succession planning. The CEO's recommendation for a successor must be known by the Board at all times, should the CEO be unexpectedly incapacitated. The CEO is also responsible for ensuring that there are succession plans for senior management positions.

### *Management Development and Affirmative Action*

The CEO reports annually to the Board on Pick n Pay's programme for management development, employment equity and affirmative action.

## **APPENDIX (I) THE RESPONSIBILITIES OF THE BOARD**

The Board is accountable for the success of the Group and takes responsibility for it, in both success and failure. This means selecting a successful management team, overseeing corporate strategy and performance, and acting as a resource for management in matters of planning and policy. To ensure effective decision-making, Board members must not only ask the difficult questions, but must be decision-makers too.

Specifically, **Board responsibilities include:**

- approving changes to the Group's philosophy and mission
- ensuring that the values on which the Group was built are upheld
- being custodians of the enduring values
- selecting, monitoring, evaluating, compensating and if necessary replacing the CEO, CFO, CISO and senior management positions
- preparing, reviewing and updating the mandates to the Chairman, the CEO, the CFO and the CISO
- ensuring that succession plans are in place for the Chairman of the Board, the CEO, the CFO, the CISO and senior management (the MD's and divisional heads)
- ensuring implementation of the gender and racial diversity policies for Board members
- reviewing and approving management's strategic and business plans
- ensuring that proper systems are in place for effective risk management of the Group
- reviewing and approving the Group's financial objectives, plans and actions, including significant or material capital expenditures
- reviewing and approving material transactions not in the ordinary course of business
- monitoring corporate performance against the strategic and business plans, including reviewing the operating results twice per year
- ensuring ethical behaviour and compliance with all laws and regulations, auditing and accounting principles, and the Group's own governing documents
- assessing the Board's effectiveness in fulfilling its responsibilities
- appointing a lead director where required

- appointment and removal of the Company Secretary
- appointment of the head of Group Audit Services on the recommendation of the Audit, Risk and Compliance Committee
- nomination of the Group's external auditors for election by shareholders, on the recommendation of the Audit, Risk and Compliance Committee
- appointing committees and formulating and reviewing mandates to committees
- reviewing the reports of the various committees and
- performing any other functions as prescribed by law, or by the Group's governing documents

## **APPENDIX (II) THE CHAIRMAN OF THE BOARD – ROLE DESCRIPTION**

The Chairman of the Board has the following responsibilities:

- provide leadership to the Board
- ensure, in co-operation with the Board, that there is an effective succession plan for the Chairman of the Board
- establish procedures to govern the Board's work
- ensure the Board's full discharge of its duties
- schedule meetings of the full Board and work with committee chairs to co-ordinate the schedule of meetings for committees
- organise and present Board meeting agendas
- ensure proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of management's proposals
- ensure adequate lead time for effective study and discussion of business under consideration
- help the Board fulfil its goals by assigning specific tasks to members of the Board
- identify guidelines for the conduct of the directors
- ensure that each director is making a significant contribution
- evaluate each director's contribution to the Board, and discuss these evaluations with the respective directors
- act as the liaison between the Board, the CEO and management
- together with the CEO, represent the Group to external groups: shareholders, consumer groups, local communities, government, the media, the financial community, etc.
- work with the Corporate Governance Committee to ensure proper committee structures, including assignments of members and committee chairs
- carry out other duties as requested by the CEO, CFO and Board as a whole, depending on need and circumstances

The CEO runs the Group, and the final responsibility rests there. The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning, and serves as the chief link between management and the Board.

Duties and responsibilities include:

- ensure Group-wide adherence and commitment to the principles and values of Pick n Pay
- foster a corporate culture that promotes ethical practices, encourages individual integrity, and fulfils social and environmental responsibility
- foster a corporate culture that requires adherence to all local and international anti-corruption, anti-money laundering and anti-bribery legislation and regulation
- maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating top-quality employees
- develop and recommend to the Board a long-term strategy and vision for the Group
- implement the approved long-term strategy and vision for the Group
- ensure that the day-to-day business affairs of the Group are appropriately managed by the senior management and that proper systems and controls are in place for effective risk management of the Group
- ensure, in co-operation with the Board, that there is an effective succession plan for the CEO, the CISO and other senior executive positions
- recommend to the Board the appointment of the CISO, the Managing Directors and members of the senior management team, ensure that succession plans are in place and that management mandates are reviewed annually
- together with the CFO, recommend to the Board the appointment and removal of bankers, JSE sponsor and corporate lawyers
- consistently strive to achieve the Group's financial and operating goals and objectives and implement Board decisions
- oversee the formulation, approval and implementation of the budget for revenue and capital for the Group

- ensure continuous improvement in the quality and value of the Group's products and service provided
- ensure that the Group achieves and maintains a satisfactory competitive position within its industry
- formulate and oversee the implementation of major corporate policies
- serve as the chief spokesperson for the Group

## **APPENDIX (VI) CHIEF FINANCE OFFICER – ROLE DESCRIPTION**

The CFO is responsible for directing the fiscal, financial and compliance functions of the Group in accordance with the JSE Listings Requirements, the King Codes of Conduct and generally accepted accounting principles, and financial management techniques and practices appropriate to the retail industry. The CFO works closely with the CEO to ensure that the goals and strategy of the Group are achieved, and gives guidance and support to the CEO in the running of the Group. The CFO serves as the chief link between the fiscal and financial functions of the Group and the Board.

Duties and responsibilities include:

- ensure adherence and commitment to the fiscal and financial principles and values of Pick n Pay
- foster a fiscal and financial culture that promotes ethical practices and encourages individual integrity
- foster a corporate culture that requires adherence to all local and international anti-corruption, anti-money laundering and anti-bribery legislation and regulation
- maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating top-quality employees in the finance division
- provide leadership, direction and management of the finance and accounting teams
- execute the financial strategy of the Group
- manage financial controls, forecasting, budgeting and accounting procedures
- chair all financial review committee meetings, unless the Board nominates a non-executive director to chair the financial review committee meetings
- oversee the preparation of all financial reporting
- take responsibility for Group financial reporting
- ensure full transparency over the financial performance of the Group
- manage the capital structure of the Group, determining the best mix of debt, equity and internal financing
- together with the CEO, recommend to the Board the appointment and removal of the Group's bankers, JSE sponsor and corporate lawyers

- effectively and clearly communicate potential risks in a timely manner
- propose action plans to ensure that annual financial objectives are attained
- maintain speed and accuracy of billings and payments
- coordinate and produce all tax documentation as required
- assist the Chairman and CEO in representing the Group in investor relations and financial presentations

## **APPENDIX VIII CHIEF INFORMATION SYSTEMS OFFICER (CISO) – ROLE DESCRIPTION**

The CEO runs the Company. The CEO, in consultation with the Chairman, recommends to the Board the appointment of the CISO. The CISO manages the day-to-day technology and information affairs of the Group.

Duties and responsibilities of the CISO include:

- Ensure adherence and commitment to the principles and values of Pick n Pay
- Foster a corporate culture that promotes ethical practices, encourages individual integrity and fulfils social responsibility
- Foster a corporate culture that requires adherence to all laws including local and international anti-corruption, anti-money laundering and anti-bribery legislation and regulation
- Maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating top-quality employees
- Develop, together with the CEO, a long-term strategy and vision for the Company's use of technology and information, including for the development of commercial opportunities and the minimisation of disruptions and risks arising from the application of technology
- Formulate and oversee the policies, for approval by the Board, that articulate and give effect to the Group's direction on the employment of technology and information
- Ensure that people, technologies, information and processes are integrated across the Group
- Ensure that technology and information risks are integrated into the Group's risk management
- Ensure that adequate arrangements are in place to provide for business resilience
- Proactively monitor intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events
- Manage the performance of, and the risks pertaining to, third party and outsourced service providers
- Assess the value delivered to the Group through significant investments in technology and information, including the evaluation of projects throughout their life cycles and of significant operational expenditure

- Ensure that obsolete technology and information is disposed of in a responsible manner that has regard to environmental impact and information security
- Ensure the ethical and responsible use of technology and information
- Ensure that the leveraging of information sustains and enhances the Group's intellectual capital
- Ensure that the information architecture supports confidentiality, integrity and the availability of information
- Ensure the protection of personal information in line with statute, regulation and international best practice
- Continually monitor the security of information
- Ensure that a long-term technology architectural plan is put in place and constantly assessed and updated
- Ensure that the technology architecture enables the achievement of strategic and operational objectives
- Ensure that the risks pertaining to the sourcing of technology are managed
- Monitor and respond appropriately to developments in technology, including the capturing of potential opportunities and the management of disruptive effects on the Group and its business model
- Ensure that the Board is advised of relevant developments in technology
- Consistently strive to achieve the financial and operating goals and objectives
- Ensure, in co-operation with the CEO, that there is an effective succession plan in place for the CISO position and for senior management and management level positions in the IT division
- Ensure that effective operational mandates are in place and adhered to at management level and below
- Ensure that each division in the Group has appropriate IT plans
- Ensure that no technology is introduced to the Group that is non-compliant with the IT strategy adopted by the Board

## **APPENDIX (X)      MANAGING DIRECTOR (MD) – ROLE DESCRIPTION**

The CEO runs the Company. The CEO, in consultation with the Chairman, recommends to the Board the appointment of the Managing Directors (MD's) of the Retail Division of Pick n Pay Retailers (Pty) Ltd and of Boxer Superstores (Pty) Ltd, as well as the heads of the various divisions. MD's and divisional heads manage the day-to-day business affairs of the various divisions of the Group. The Chairman of the Board has a standing invitation to attend all management meetings at his discretion.

Duties and responsibilities of MD's and divisional heads include:

- ensure adherence and commitment to the principles and values of Pick n Pay
- foster a corporate culture that promotes ethical practices, encourages individual integrity, and fulfils social responsibility
- foster a corporate culture that requires adherence to all local and international anti-corruption, anti-money laundering and anti-bribery legislation and regulation
- maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating top-quality employees
- develop, together with the CEO, a long-term strategy and vision for the Company ensuring it is in line with the overall Group strategy and vision
- ensure that the day-to-day business affairs of the operations of the Company are appropriately managed and that proper systems and controls are in place for effective risk management
- consistently strive to achieve the financial and operating goals and objectives
- ensure continuous improvement in the quality and value of the products and service provided by the Company's operating units
- ensure that the Company achieves and maintains a satisfactory competitive position within its industry and market
- ensure, in co-operation with the CEO, that there is an effective succession plan in place for the MD's, senior management and management level positions
- ensure that effective operational mandates are in place and adhered to at management level and below
- formulate and oversee the implementation of major corporate policies

*Responsibilities of the Committee*

The committee's role is to provide independent oversight and assessment of the Group's Risk management processes, legal and regulatory compliance, financial reporting, business and financial controls, internal and external audit processes, and to act as liaison between the Board, the external auditors and Group Audit Services (the internal auditors).

The responsibilities of the committee include:

*Risk management*

- ensuring that the Group has adequate processes in place to identify, monitor and manage all significant business and financial risk areas
- helping management identify risk areas, and evaluating management in the handling of identified risks
- ensuring the security of the Group's assets
- ensuring that accounting systems and controls are adequate and function effectively
- evaluating the ongoing effectiveness of the internal control measures

*Legal and regulatory compliance*

- ensuring that systems exist that adequately provide for the Group's conformance with all laws, regulations and codes

*Financial reporting and audit*

- ensuring that financial reporting is reliable and is in conformity with International Financial Reporting Standards (IFRS)
- reviewing and evaluating the planned work of the Group Internal Audit Services and the external auditors for the coming year, to ensure adequate coverage of critical risk areas
- evaluating the performance of and reviewing reports of Group Internal Audit Services
- evaluating the performance of and reviewing the reports of the Financial Review Committees

- evaluating the performance of and reviewing the reports of the external auditors, and making recommendations to the Board on matters of remuneration and appointment or re-appointment of the external auditors
- reviewing estimated external audit costs
- reviewing the independence of the external auditors annually to ensure reporting is reliable, transparent and a fair representation for the use of stakeholders
- dealing with questions arising from audit activities

The committee does not and cannot replace the Board's overall responsibility to review and approve the Group's financial statements.

#### *Tender for appointment of external auditors*

- overseeing the tender to establish which firm of auditors to recommend to shareholders for appointment as external auditors

#### *Authority of the Committee*

The committee is authorised by the Board to investigate any activity within its terms of reference. The committee has the right to:

- seek any information it requires from any employee or director
- demand unrestricted access to records and information
- liaise directly with the external auditors and Group Audit Services
- obtain outside legal or other professional advice
- have access to the resources it needs to fulfil its responsibilities
- set and maintain an appropriate mandate for subsidiary company Audit Committees

#### *Meetings of the Committee*

The committee meets twice per year, before the Board meetings in April (final result for the previous financial year) and October (interim result). Formal minutes are kept and are made available to all members of the committee, and are available on request to all members of the Board.

### *Composition of the Committee*

The committee is chaired by an independent non-executive director and comprises independent non-executive directors. Committee meetings are attended by the Group's Chairman, CEO and CFO and by the external auditors and the head of the Group Audit Services.

## **APPENDIX (XIII) SOCIAL AND ETHICS COMMITTEE CHARTER**

### *Responsibilities of the Committee*

The Social and Ethics Committee has the following responsibilities:

To monitor 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, good corporate citizenship, the environment, health and public safety, consumer relations, and labour and employment, as set out in more detail in the clause 39 of the Memorandum of Incorporation and regulation 43(5) of the Companies Act, 2008. The committee is not mandated to review management decisions in staff labour disputes.

### *Authority of the Committee*

The committee is authorised by the Board to investigate any activity within its terms of reference. The committee has the right to:

- seek any information or explanation it requires from any employee, prescribed officer or director
- demand unrestricted access to records and information
- attend any shareholder's meeting
- receive all notices of and other communications relating to any shareholder's meeting
- be heard at any shareholders meeting on any part of the business of the meeting that concerns the committee's functions

### *Meetings of the Committee*

The committee meets three times a year. Formal minutes are kept.

### *Composition of the Committee*

The committee is chaired by the Director of Transformation and comprises not less than three directors two of whom are non-executive directors.

## **APPENDIX (XIV) REMUNERATION COMMITTEE CHARTER**

### *Responsibilities of the Committee*

The Remuneration Committee has the following responsibilities:

To ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term:

- approving the annual compensation, (salaries and benefits) of the Company Secretary and all Grade A level management
- reviewing the split of the performance bonus between the management levels
- approving the performance bonus allocation of all management from corporate and line general managers and above (Grades A – G)
- recommending the remuneration of non-executive directors to the Board, for final approval by shareholders at the AGM
- reviewing the activities of the share incentive scheme share trust, and reviewing and making recommendations regarding the terms of proposed share incentive schemes
- approving share option allocations of all senior management from corporate and line general managers and above (Grades A – G)
- setting the overall compensation of the CEO and the CFO
- reviewing and recommending the overall compensation of the Chairman to the Board, for final approval by shareholders at the AGM
- reviewing and approving the overall annual increase in remuneration granted to employees
- watching over the remuneration and compensation practices of the Group in general

### *Authority of the Committee*

The committee has the authority to fix compensation for the CEO, CFO and Company Secretary and to approve management (Grades A to G) annual salaries and performance bonuses.

### *Meetings of the Committee*

The committee meets at least twice per year, in May when annual increases and bonuses are reviewed, and in September when a general review is performed. In addition, ad hoc meetings are also held when necessary.

### *Modus Operandi*

The committee reports to the Board at board meetings held after the Remuneration Committee meetings.

### *Composition of the Committee*

The committee is chaired by an independent non-executive director and comprises independent non-executive directors and the Chairman. The CEO and CFO attend each meeting by invitation. The CEO and CFO are excused from the meeting when his/her compensation is reviewed. Similarly, the Chairman is excused when his/her remuneration is discussed.

## **APPENDIX (XV)      NOMINATIONS COMMITTEE CHARTER**

### *Responsibilities of the Committee*

The Nominations Committee is responsible for identifying and evaluating suitable candidates for possible appointment to the Board. In performing this duty the committee needs to consider:

- the specific needs of the Board, in terms of disciplines, skills, experiences and any other characteristics required at that time
- the general character requirements for the role of Director, including independence, integrity, tough-mindedness and respect for the values and principles of the Group
- affirmative action requirements
- the Board's policy of diversity, which shall be reviewed semi-annually to ensure that the Board is sufficiently diverse as regards gender and race
- the composition of the Board, including executive directors, family non-executive directors and other non-executive directors to ensure that the Board is sufficiently diverse and has the necessary skills to competently discharge its duties having regard to the strategic direction of the Group
- the programme of retirement of directors

### *Authority of the Committee*

The committee does not have the authority to appoint directors; such authority remains always with the Board.

### *Modus Operandi*

The committee must present a list of candidates to the Board at any time when candidates are sought. The committee must ensure that all candidates are available, willing and suitable.

### *Meetings of the Committee*

There is no formal meeting schedule for this ad-hoc committee, which forms and meets when required.

### *Composition of the Committee*

The committee comprises the Chairman and non-executive directors.

## **APPENDIX (XVI) CORPORATE GOVERNANCE COMMITTEE CHARTER**

### *Responsibilities of the Committee*

The Corporate Governance Committee reviews and evaluates the governance practices and structures of the Group, and recommends changes thereto to the Board. The committee shall do so with due consideration of:

- the King Committee's recommendations, ensuring that the Group complies with the Code of Corporate Practices and Conduct
- other international standards of corporate governance
- current local and international practices
- the results of the annual Board effectiveness review

### *Authority of the Committee*

The committee does not have the authority to make changes to the corporate governance structures and practices. Such authority remains always with the Board.

### *Modus Operandi*

The committee must present their findings and recommendations to the Board when required.

### *Meetings of the Committee*

There is no formal meeting schedule for this ad-hoc committee, which meets when required.

### *Composition of the Committee*

The committee comprises the Chairman and non-executive directors.

## **APPENDIX XVII CORPORATE FINANCE COMMITTEE**

### *Responsibilities of the Committee*

The Corporate Finance Committee assists the Board in assessing investment opportunities for the Pick n Pay Group.

### *Authority of the Committee*

The committee does not have the authority to accept or reject investment opportunities; such authority remains always with the Board.

### *Meetings of the Committee*

There is no formal meeting schedule for this ad-hoc committee, which forms and meets when required.

### *Composition of the Committee*

The committee comprises independent non-executive directors, one of whom may be appointed to act as chairman of the committee.