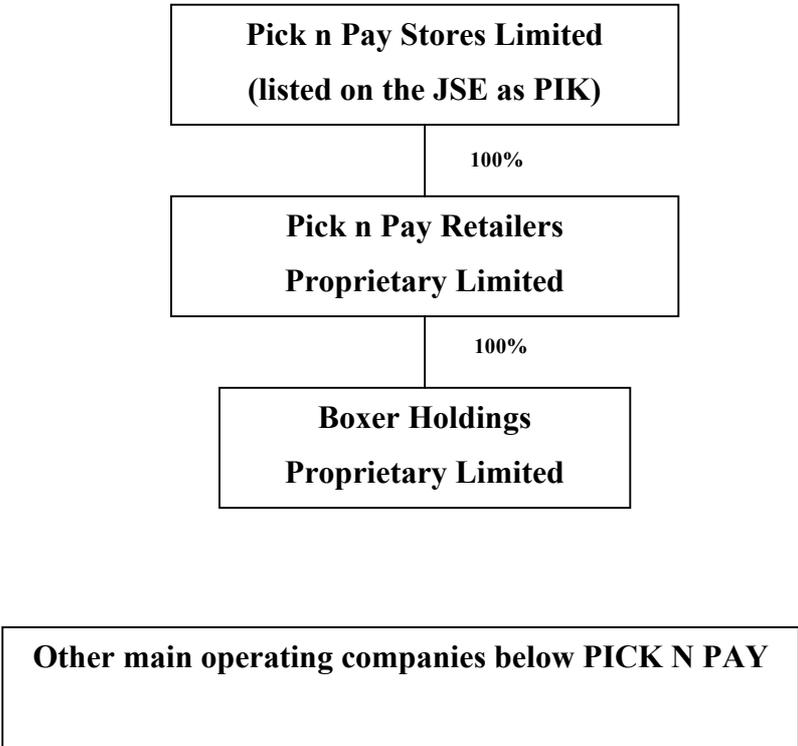
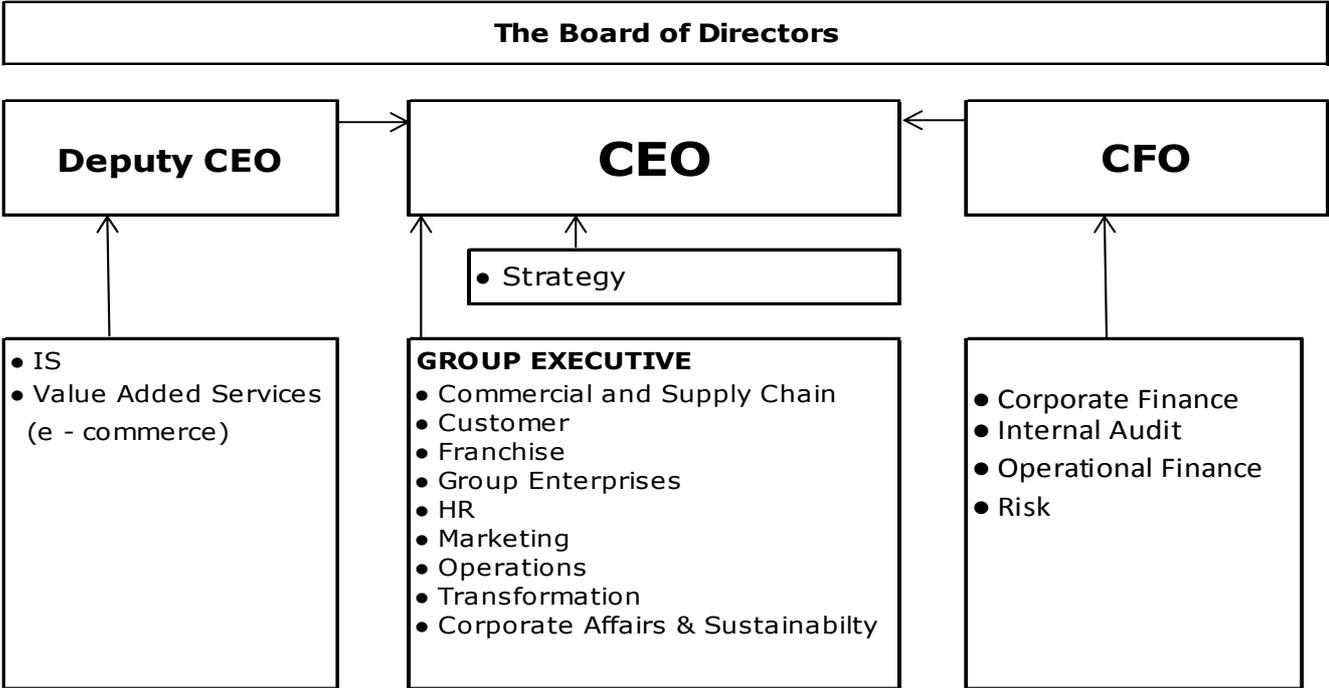


CORPORATE GOVERNANCE CHARTER OF THE PICK N PAY GROUP

THE GROUP STRUCTURE

Group Structures at Pick n Pay





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). The Board’s role is to assume accountability for the success of the Group by taking 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. 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 current version of the mandate to the Chairman can be seen in Appendix (III).

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, and 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 current mandate is shown in Appendix (V).

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 (as defined in the King IV Code of Corporate Governance). 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 some of the directors 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 (over nine years) 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 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

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 some of the directors 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

Non-executive directors serve three-year terms of office, provided that those independent non-executive directors who have served on the Board for over nine years will serve one-year terms of office. 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 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.

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 weekly management meeting conducted by the CEO with the senior executive team should they so wish.

Whilst the Board is predominantly non-executive in nature, it is important that it be exposed to the other executives of the Group, and vice versa. In this regard the CEO and the Finance Director are encouraged to bring Pick n Pay executives 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 Group Executive of the operational company, Pick n Pay Retailers (Pty) Ltd. The role and mandate of the Group Executive is reviewed by the CEO annually.

GROUP EXECUTIVE

The Group Executive is a management advisory forum, the composition of which is determined by the CEO, in consultation with the Chairman. It currently includes the CEO, members of the Board who are executives, and other senior management. The Group Executive meets on a regular basis to assist the CEO in operational strategy implementation and general executive management of the Group and to act as a sounding board on issues to be presented to the Board.

Director and Senior Executive 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 the lead independent non-executive director
- The CEO and other non-family directors by the Chairman
- The Company Secretary and Group Executive officers by the Chairman and the CEO
- Other senior executives by the CEO

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 Principles 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 founder was 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 Principles

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 founder. Furthermore, there is always to be a director designated as the 'Custodian of the Enduring Principles', charged with the responsibility of ensuring that the Board discharges its duty in the protection of these principles. Currently, the designated director is the Chairman of the Social and Ethics Committee.

Gender Diversity Policy

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

- The Company supports the principles and aims of promoting gender 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 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.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is chaired by an independent non-executive director and comprises only independent non-executive directors. 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. The committee chairman meets with executives 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 committee charter is attached in Appendix (VIII).

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, 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 executive decisions in staff labour disputes. The committee charter is attached in Appendix (IX).

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 Group Finance Director 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 Group Finance Director are excluded from reviewing, deliberating, or approving their own remuneration packages. The Remuneration Committee Charter is attached in Appendix (X).

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 (XI).

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 (XII).

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 (XIII).

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.

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 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 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 the Group Executive and other senior executive 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.

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 principles
- selecting, monitoring, evaluating, compensating and if necessary replacing the CEO and group executive members
- preparing, reviewing and updating the mandates to the Chairman and the CEO
- ensuring that succession plans are in place for the Chairman of the Board and the CEO
- ensuring implementation of the gender diversity policy 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 Group's external auditors and head of Group Audit Services 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

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 liaison between the Board and management including the use of the Group Executive as a management advisory forum
- 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 and Board as a whole, depending on need and circumstances

In all matters referred to in the limits of authority of the CEO, the CEO requires Board approval. In some of these matters, the Board will authorise the Chairman to represent it.

The Chairman is mandated by the Board to represent the Board in the following matters:

Board and Management

- to keep in regular contact with the CEO and to provide guidance and support on day-to-day issues
- group executive appointments

Operations

- the granting of guarantees by the Group on behalf of any party within the Group, which would result in the incurring of a liability up to a specified maximum
- the incurring of an unbudgeted liability or commitment up to a specified maximum
- the disposal or acquisition of an entire business unit or Company up to a specified maximum
- the disposal or acquisition of any major asset where the market value is less than a specified maximum and the acquisition or disposal was not included in the capital budget
- litigation undertaken against the company or on behalf of the company where the litigation amount is a specified maximum and / or where there is material reputational risk

Finance

- approval of prospectuses

Joint Representation, together with CEO and CFO

- The Chairman, CEO and CFO are authorised to represent the Board jointly in relation to the entering into of lease liabilities up to a specified maximum,

where the value of the lease is calculated on the present value of the lease instalments over a fifteen year period

There are instances where the Chairman may not represent the Board, but where full Board approval is required. These can be seen as **the Chairman's 'Limits of Authority'** and are:

Board and Management

- changes to the organisational structure from Group Executive level upwards

Operations

- approval of overall Group strategy
- approval of Group operating budgets, both revenue and capital

Finance

- raising new capital and confirmation of major financing facilities
- treasury policies, including foreign currency and interest rate risk exposure
- final approval of annual and interim results and accounting policies
- proposal and recommendation of which audit firm to present to shareholders for appointment as external auditors
- recommendation and approval of dividends

Policy, principles, values

- matters which would have major policy implications for the Group
- any proposed or planned deviation from the enduring principles of the Group
- any changes to the values of the Group

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
- 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
- ensure that the day-to-day business affairs of the Group are appropriately managed by the Group Executive 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 and other senior executive positions
- recommend to the Board the appointment of the Group Executive and ensure succession plans are in place for those executives
- 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

**(INCORPORATING LIMITS OF AUTHORITY)
(FOR INTERNAL PUBLICATION ONLY)**

The CEO is appointed by the Board to run the Group, and as such has the authority to make most of the decisions required. This mandate is given on the understanding that the CEO will meet with the Chairman regularly to discuss day-to-day issues and to give the Chairman opportunity to provide whatever guidance and support is necessary.

However, there are certain matters which the CEO cannot decide or act on unilaterally, but which require referral to the Board, whether to the full Board, or to the Chairman representing the Board.

The schedule of matters reserved for the Chairman and / or the Board are as follows:*Board and Management*

- management structure from group executive level upwards
- appointment of senior executives
- appointment or removal of Company secretary
- group executive appointments

Operations

- final approval of overall Group strategy
- final approval of Group operating budgets, both revenue and capital
- the granting of guarantees and sureties by the Group on behalf of any party within the Group, which would result in the incurring of a liability in excess of a specified maximum
- the incurring of an unbudgeted liability or commitment exceeding a specified maximum
- the disposal or acquisition of an entire business unit or Company exceeding a specified maximum
- the disposal or acquisition of any major asset where the market value exceeds a specified maximum, and the acquisition or disposal was not included in the capital budget

- litigation undertaken against the company or on behalf of the company where the litigation amount exceeds a specified maximum and / or where there is material reputational risk

Finance

- the issuing of new shares and share capital
- raising new capital, incurring new debt and confirmation of major financing facilities
- treasury policies, including foreign currency and interest rate risk exposure
- final approval of annual and interim results and changes in accounting policies
- appointment and removal of external auditors, corporate lawyers and JSE sponsor
- approval of prospectuses
- recommendation and approval of dividends

Policy, principles, values

- matters which would have major policy implications for the Group
- any proposed or planned deviation from the enduring principles of the Group
- any changes to the values of the Group

In addition to the schedule of matters reserved for the Chairman and / or the Board, there are certain matters which the CEO cannot decide on or act on unilaterally, but which require joint representation by the Chairman, the CEO and the CFO on behalf of the Board as follows:

- the entering into of lease liabilities up to a specified maximum, where the value of the lease is calculated on the present value of the lease instalments over a fifteen year period

APPENDIX (VI) GROUP EXECUTIVE– ROLE DESCRIPTION

The CEO runs the Company. The CEO, in consultation with the Chairman, recommends to the Board the appointment of the members of the Group Executive. The Group Executive manages 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 meetings of the Group Executive at his discretion.

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 responsibility
- 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 senior executive 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

**APPENDIX (VII) THE MANDATE FROM THE CEO TO THE GROUP EXECUTIVE
(INCORPORATING LIMITS OF AUTHORITY)
(FOR INTERNAL PUBLICATION ONLY)**

The Group Executive has been appointed to run the various operating divisions of the Company, and as such has the authority to make most of the decisions required, subject to the Limits of Authority, as updated by the Board from time to time.

There are however certain matters which the executives on the Group Executive cannot decide or act on unilaterally, but which require referral to the CEO and / or to the Board. Any matter that exceeds the Limits of Authority must be referred to the Chairman, CEO and/or the Board.

The schedule of matters reserved for the Chairman, CEO and /or the Board are as follows:

Board and Management

- management structure changes from major operating unit head (e.g.: regional or independent unit) upwards
- group executive appointments
- General Manager and subsidiary board appointments

Operations

- final approval of overall divisional strategy
- final approval of divisional operating budgets, both revenue and capital
- the granting of guarantees and sureties by the division on behalf of any party within the Group, which would result in the incurring of a liability in excess of a specified maximum
- the incurring of an unbudgeted liability or commitment exceeding a specified maximum
- the disposal or acquisition of any business, including a Pick n Pay franchise business, Group or major asset where the market value exceeds a specified maximum, and the acquisition or disposal of any asset in excess of a specified maximum that was not included in the approved capital budget

- litigation undertaken against the company or on behalf of the company where the litigation amount exceeds a specified maximum and / or where there is material reputational risk
- appointment and removal of the Group's preferred firms of lawyers and other professional services organisations

Finance

- the issuing of new share capital
- raising new capital and confirmation of major financing facilities
- treasury policies, including foreign currency and interest rate risk exposure and forward cover
- final approval of annual and interim divisional results and changes in accounting policies
- appointment and removal of external auditors
- appointment and removal of the Group's bankers
- the opening of any bank account
- approval of prospectuses

General

- any matter that exceeds the Limits of Authority

Policy, principles, values

- matters which would have major policy implications for the Group
- any proposed or planned deviation from the enduring principles of the Group
- any changes to the values of the Group

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 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 Finance Director and by the external auditors and the head of the Group Audit Services.

APPENDIX (IX) 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 executive 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 or prescribed officers, at least one of whom must be an independent, non-executive director.

APPENDIX (X) 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 executives from group executive level and above
- reviewing the split of the performance bonus between the executive levels
- approving the performance bonus allocation of all executives from corporate and line general managers and above
- 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 executives from corporate and line general managers and above
- setting the overall compensation of the CEO
- 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, and to approve executive 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 (XI) 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 gender diversity, which shall be reviewed semi-annually to ensure that the Board is sufficiently gender diverse
- 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 (XII) 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 XIII 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.