

# **SHOPRITE HOLDINGS LIMITED**

## **FINANCE AND INVESTMENT COMMITTEE TERMS OF REFERENCE**

**This is the Finance and Investment Committee  
Terms of Reference reviewed and approved on  
17 August 2023.**

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## **1. CONSTITUTION**

1.1 The Finance and Investment Committee (the “InvestCo” or “Committee”) is constituted in terms of principle 8 of the King IV Report on Corporate Governance for South Africa, 2016, as a committee of the board of directors of Shoprite Holdings Limited (“the Company”).

1.2 These terms of reference are subject to the provisions of the Companies Act, 71 of 2008 (as amended), the Company's Memorandum of Incorporation (“MOI”) and any other applicable laws or regulations.

1.3 The duties and responsibilities of the members of the InvestCo are in addition to those as members of the Board. The deliberations of the InvestCo do not reduce the individual and collective responsibilities of Board members regarding their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

## **2. PURPOSE OF THE TERMS OF REFERENCE**

2.1 The purpose of the Terms of Reference is to set out amongst other the InvestCo's:

- functions, duties and responsibilities;
- composition; and
- meeting procedures.

## **3. MEMBERSHIP**

### **3.1 COMPOSITION**

3.1.1 The InvestCo shall comprise of the Chairman of the Board and a minimum of two (2) additional directors appointed by the Board, all of whom shall be non-executive directors and the majority deemed independent.

- 3.1.2 The Company Secretary is the secretary to the InvestCo.
- 3.1.3 The members of the InvestCo must as a whole, have sufficient qualifications, knowledge, skills, experience and capacity to fulfil their duties effectively.

### 3.2 APPOINTMENT

- 3.2.1 On recommendation from the Nomination Committee, the Board shall appoint the members of the InvestCo and fill any vacancy as and if required.
- 3.2.2 The Board shall elect the chairman of the InvestCo and determine the period for which the chairman shall hold office.

## 4. **FUNCTION, DUTIES AND RESPONSIBILITIES**

- 4.1 Assist the Board to approve certain levels of investment and transactions that exceed:
- the Group materiality level as determined from time to time; and
  - a contract tenure of 20 years or longer.
- 4.2 Ensure that investments, disposals or acquisitions are in line with the Company's overall strategy;
- 4.3 Approve or recommend such investments, disposals or acquisitions;
- 4.4 Confirm that appropriate due diligence procedures are followed when acquiring or disposing of assets;
- 4.5 Monitor the return on investments or acquisitions post implementation and ensure alignment with the Company's overall strategy;
- 4.6 Assess the risks of proposed projects and activities;
- 4.7 Conduct planning and forecasting to enable the Board to take informative decisions with regard to major investment matters;

- 4.8 Oversee the process of capital allocation within the Group, and specifically:
- ensure that investments/divestments increase shareholder value and meet the Company's financial criteria;
  - make recommendations to the Board concerning further action about these investment/divestment opportunities; and
  - the viability of capital projects and/or acquisition and/or disposals of assets and the effect they may have on the Group's cash flow, as well as whether they comply with the Group's overall strategy.
- 4.9 Review and recommend to the Board new businesses and projects for the Group;
- 4.10 Consider and recommend to the Board major operational restructuring, as and when applicable;
- 4.11 Review annually and recommend to the Board the annual budget and business/operational plans of the Company (financials including capital) which must give effect to the Company's strategy approved by the Board;
- 4.12 Monitor and consider risks in relation to the matters that falls within its mandate, in a way that supports the Company in setting and achieving its strategic objectives;
- 4.13 Perform such other investment-related functions as may be determined by the Board from time to time; and
- 4.14 At all times give due consideration to the relevant provisions of the Companies Act read with the Regulations, the JSE Listings Requirements, the Memorandum of Incorporation / the Company's constitutional documents and King IV.

## **5. AUTHORITY**

The InvestCo:

- 5.1 acts in terms of the delegated authority of the Board as recorded in these terms of reference. It has the power to investigate, at the cost of the Company, any activity within the scope of its terms of reference;
- 5.2 in the fulfilment of its duties, may call upon the chairs of the other Board committees, any of the executive directors, company officers or company secretary to provide it with information, subject to following a Board-approved process;
- 5.3 has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities;
- 5.4 may form, and delegate authority to, subcommittees, one or more designated members of the InvestCo and to one or more members of the executive to perform certain tasks on its behalf;
- 5.5 has the right to obtain independent outside professional advice and/or assurance to assist with the execution of its duties, at the Company's cost, subject to following a Board approved process; and
- 5.6 make the recommendations to the Board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required. The chairman of the InvestCo will regularly report to the Board on matters dealt with and decisions taken.

## **6. MEETINGS**

### **6.1 FREQUENCY**

- 6.1.1 Meetings will be held as the InvestCo deems appropriate to discharge all its duties as set out in these terms of reference but subject to a minimum of two (2) meetings per year.

6.1.2 Meetings in addition to those scheduled may be held at the request of the chief executive officer, any member of the InvestCo or other members of senior management or at the instance of the Board.

## 6.2 ATTENDANCE

6.2.1 The CEO and CFO shall attend all meetings of the InvestCo as invitees. Senior management, assurance providers, professional advisors and Board members may be in attendance by invitation as required. Such individuals, to the extent that they are not members of the InvestCo, shall not be entitled to vote at meetings.

6.2.2 Any director that is not specifically a member of the InvestCo may attend the meeting as observer but may only participate with the consent of the Chairman, will not be allowed to vote and will not be entitled to fees for such attendance.

6.2.3 InvestCo members must attend all scheduled meetings of the InvestCo, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Company Secretary.

6.2.4 The Company Secretary, as the secretary to this Committee, will attend all meetings and record proceedings and decisions taken at the meetings.

6.2.5 If the nominated chairman of the InvestCo is absent from a meeting, the members present must elect one of the members present to act as chairman for the duration of that meeting.

## 6.3 AGENDA AND MINUTES

6.3.1 The InvestCo must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the

meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in these terms of reference.

6.3.2 The notice of each meeting of the InvestCo, confirming the venue, time and date and enclosing a detailed agenda of items to be discussed, together with supporting documentation, shall be circulated prior to each meeting to the members and other invitees.

6.3.3 The minutes must be completed as soon as possible after the meeting and formally approved by the InvestCo at its next scheduled meeting.

6.3.4 Any director may, provided that there is no conflict of interest, and with the agreement of the chairman, obtain copies of the InvestCo minutes.

#### 6.4 QUORUM

6.4.1 A representative quorum for meetings is a majority of independent members present.

6.4.2 Individuals in attendance at meetings by invitation may participate in discussions but do not form part of the quorum for such meetings and will not be allowed to vote.

### 7. **PROCEEDINGS**

Unless varied by these terms of reference, meetings and proceedings of the InvestCo will be governed by the Company's MOI regulating the meetings and proceedings of directors and committees.

### 8. **REMUNERATION**

8.1 Having regard to the functions performed by the members of the InvestCo in addition to their functions as directors in relation to the activities of the InvestCo, remuneration shall be payable as annually approved by shareholders.



8.2 Such remuneration shall be in addition to the annual fees payable to directors.

## **9. REPORTING**

The Chairman of the InvestCo will compile a general report of proceedings and submit formal reports on the InvestCo's activities to the Board, at the earliest board meeting (after compilation of the reports), which reports will contain such recommendations deemed appropriate by the InvestCo.

## **10. EVALUATION**

10.1 The InvestCo must perform an evaluation, at least every two years, of the effectiveness of the Committee and its members, including the Chairman of the InvestCo, to ensure they are adequately performing their responsibilities in compliance with this charter.

10.2 In addition, the Board must evaluate, at least every two years, the Committee's performance in terms of its composition, mandate and effectiveness.

10.3 Every four years, an independent assessment of the Committee and its members, including the Chairman of the InvestCo, will be performed by an external service provider.

## **REVIEW**

These terms of reference will be reviewed annually by the InvestCo. Material amendments will be approved by the Board.

## **11. GENERAL**

12.1. The InvestCo members are obliged to disclose in writing any personal financial interest in terms of section 75 of the Companies Act and any other interests they have within or outside the Company and the Group

that may be of interest to the Company or that may interfere or conflict with the performance of their duties.

- 12.2. Except to the extent of legal or regulatory provisions to the contrary, InvestCo members, being non-executive directors, are entitled to rely on the executives of the Company and those of other entities within the Group in relation to matters within their area of expertise and may assume the accuracy of information provided by such persons, provided that the InvestCo member is not aware of any reasonable grounds upon which reliance or assumption may be inappropriate.