

SHOPRITE HOLDINGS LIMITED ("THE COMPANY")

NOMINATION COMMITTEE TERMS OF REFERENCE

This is the Nomination Committee Terms of Reference reviewed and approved by the Nomination Committee of Shoprite Holdings Ltd at a meeting held on 12 August 2020.

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1. CONSTITUTION

The Company established a Nomination Committee (“the Committee”), with a clear remit and whose authority is well accepted to make recommendations to the Board of directors (“the Board”) on all new Board appointments.

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

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”), the principles of governance, the Code of Ethics and any other applicable law or regulatory provision.

2. PURPOSE OF THE TERMS OF REFERENCE

The purpose of this Nomination Committee Terms of Reference is to set out the Committee's role and responsibilities as delegated by the Board, as well as the requirements for its composition and meeting procedures.

3. COMPOSITION

The Committee shall comprise of not less than three (3) directors appointed by the Board, all of whom shall be non-executive directors and the majority deemed independent.

Members of this Committee and its chairman are nominated by the Board.

The chairman of the Board is an *ex officio* member of this Committee.

The company secretary is the secretary to this Committee.

The CEO will not be a member of this Committee.

The members of the Committee as a whole must have sufficient qualifications, knowledge, skills, experience and capacity to fulfil their duties effectively.

4. ROLE AND RESPONSIBILITIES

4.1 Role

4.1.1 The Committee has an independent role as an overseer and a maker of recommendations to the Board for its consideration and final approval.

4.1.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

4.1.3 The role of the Committee is to assist the Board to ensure that:

- the Board has the appropriate composition for it to execute its duties objectively and effectively;
- it consults regularly with a sufficient number of shareholders during the nomination process and seek their approval of the proposed changes to the Board;
- directors are nominated, elected and appointed through a formal process;
- induction and ongoing training and development of directors take place; and
- formal succession plans for the Board, chief executive officer and senior management appointments are in place.

4.2 Responsibilities

The Committee must perform all the functions necessary to fulfil its role as stated above and including the following:

4.2.1 Ensure the establishment of a formal and transparent process for the nomination, election and appointment of directors, including:

- identification of suitable candidates to serve on the Board, while considering the specific considerations regarding Board composition, as set out in 4.2.7;
- consideration of whether the candidate meets the appropriate fit and proper criteria;
- performance of reference checks, independent background checks and verification of qualifications of candidates prior to nomination;
- ensuring that candidates for election as non-executive directors provide details of other professional commitments and a statement that confirms that the candidate has sufficient time available to fulfil the responsibilities as a board member;
- ensuring that the appointment of directors is approved by the Board as a whole; and
- formalising the appointment of directors and the terms for serving as a board member through an agreement between the Company and the director.

4.2.2 Recommend for approval by the Board the targets for race and gender representation in its membership.

- 4.2.3 Oversee the development and implementation of a formal induction programme for new directors.
- 4.2.4 Ensure that inexperienced directors are developed through a mentorship and training programme.
- 4.2.5 Oversee the development and implementation of continuing professional development programmes for directors.
- 4.2.6 Ensure that directors receive regular briefings on changes in risks, laws and the environment in which the Company operates.
- 4.2.7 Regularly review the Board and sub-committees' structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary. Update a formalised board composition assessment to reflect all factors considered, ensuring the following are included:
- the Board as a whole and sub-committees contain the appropriate mix of independence, knowledge, skills and experience (i.e. business, commercial and industry) in its membership;
 - the appropriate mix of executive, non-executive and independent non-executive members are represented on the main Board and the sub-committees. The Board should comprise a majority of non-executive members, most of whom should be independent;
 - a balanced distribution of power in respect of membership across sub-committees, so that no individual has the ability to dominate decision-making, and no undue reliance is placed on any individual director;

- the CEO and one other member of executive management should be appointed to the Board to ensure direct interaction with Management;
- there is a sufficient number of members that qualify to serve on board sub-committees;
- the need to secure a quorum at all meetings;
- specific regulatory requirements as applicable; and
- the diversity targets relating to the composition of the Board, including field of knowledge, skills, experience, age, culture, race and gender.

4.2.8 Find and recommending to the Board a replacement for the chief executive officer (“CEO”) when that becomes necessary.

4.2.9 Annually evaluate the performance and independence of the Company Secretary and recommend to the Board for approval.

4.2.10 Evaluate and recommend to the Board for approval in the event where the CEO considers taking up additional professional positions (e.g. other Board memberships outside the Group). This evaluation should take into consideration time constraint to be placed on the CEO, potential conflict of interest as well as balancing the opportunity for professional development.

4.2.11 Determine and recommend for approval by the Board the number of outside professional positions that the Chair is allowed to hold, taking into account the relative size and complexity of the organisations involved.

4.2.12 Ensure that each director, subject to legal provisions, submit to this Committee and the Board a declaration of all financial,

economic and other interests held by the director and related parties, at least annually or when significant changes occur. Ensure that these are taken into account when assessing the independence of each director.

- 4.2.13 Assess, formalise and recommend for approval by the Board the independence of each director for purpose of categorisation, in terms of the independence indicators contained in the Board terms of reference.
- 4.2.14 Annually assess and recommend for approval by the Board the independence of directors with tenure of 9 years and more, in terms of the independence indicators contained in the Board terms of reference. This assessment should conclude whether the director exercises objective judgement and 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.
- 4.2.15 Annually assess the independence of the Board holistically taking into consideration, amongst others, the total skills, experience and diversity required of the Board to make it optimal.
- 4.2.16 Ensure that formal succession plans (including identification, mentorship and development of future candidates) for the Board, the Chairman, the chief executive officer and senior management appointments are developed and implemented. These should be reviewed periodically and should provide for succession in emergency situations as well as over the longer term.

4.2.17 Recommend directors that are retiring by rotation, for re-election, taking into consideration the following:

- the director's performance, including attendance at meetings of the Board and its committees; and
- the need to balance the introduction of new expertise and perspectives, while retaining valuable knowledge, skills and experience and maintaining the necessary continuity in its membership.

4.2.18 Liaise with the Board in relation to the preparation of the Committee's report to shareholders as and when required ensuring that the following is included in the notice of the AGM: a brief professional profile of each candidate standing for election including details of existing professional commitments; and a statement from the Board confirming whether it supports the candidate's election or re-election; and

4.2.19 The chairperson (or in his/her absence, an alternative member) of the Committee shall attend the annual general meeting and be prepared to answer questions concerning the appointment of executive and non-executive directors.

4.3 **Authority**

The Committee:

4.3.1 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;

- 4.3.2 in the fulfilment of its duties, may call upon the chairmen 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;
- 4.3.3 has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities;
- 4.3.4 may form, and delegate authority to, subcommittees, one or more designated members of the Committee and to one or more members of the executive to perform certain tasks on its behalf;
- 4.3.5 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
- 4.3.6 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 Committee will regularly report to the Board on matters dealt with and decisions taken by the Committee. Appointments to the Board are a matter for the Board as a whole.

5. MEETINGS

5.1 Frequency

- 5.1.1 Meetings of the Committee will be held as the Committee 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.

- 5.1.2 Meetings in addition to those scheduled may be held at the request of the chief executive officer, any member of the Committee, head of human resources or other members of senior management or at the instance of the Board.
- 5.1.3 The chairman of the Committee may meet with the head of human resources and/or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

5.2 Attendance

- 5.2.1 The chief executive officer, chief financial officer, head of human resources or other members of senior management as may be required, assurance providers, professional advisors and Board members may be in attendance at Committee meetings, by invitation and may not vote or participate in decision-making.
- 5.2.2 Any director which is not specifically a member of the Committee may attend the meeting as observer, but may only participate with the consent of the Chair, will not be allowed to vote and will not be entitled to fees for such attendance, unless otherwise agreed by the Board and shareholders.
- 5.2.3 Committee members must attend all scheduled meetings of the Committee, 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.
- 5.2.4 The company secretary, as the secretary to this Committee, will attend all Committee meetings and record proceedings and decisions taken at the Committee meetings.

- 5.2.5 If the nominated chairman of the Committee 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.

5.3 **Agenda and minutes**

- 5.3.1 The Committee 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. The more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period.
- 5.3.2 The notice of each meeting of the Committee, 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 of the Committee and other invitees.
- 5.3.3 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 5.3.4 The minutes must be completed as soon as possible after the meeting and circulated to all the members of the Committee, and may also, if the chairperson of the Committee so decides, be circulated to other members of the Board. The minutes must be formally approved by the Committee at its next scheduled meeting.
- 5.3.5 Any director may, provided that there is no conflict of interest and with the agreement of the chairperson, obtain copies of the Committee's minutes.

5.4 Quorum

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

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

6. PROCEEDINGS

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

7. REMUNERATION

7.1 Having regard to the functions performed by the members of the Committee in addition to their functions as directors in relation to the activities of the Committee, and pursuant to the specific power conferred upon the Board by the MOI of the Company, members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.

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

8. REPORTING

8.1 The chairman of the Committee shall compile a general report of the Committee proceedings and submit formal reports on the Committee'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 Committee

9. DISCLOSURE

9.1 The following should be disclosed in the Annual Group Integrated Report, as it relates to board composition:

9.1.1 whether the Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence;

9.1.2 the targets set for gender and race representation in the membership of the Board, and progress made against these targets;

9.1.3 the categorisation of each member as executive or non-executive;

9.1.4 the categorisation of each non-executive member as independent or not and, when a non-executive member of the Board has been serving for longer than nine years, a summary of the views of the Board on the independence of the member;

9.1.5 the qualifications and experience of members;

9.1.6 each member's period of service on the Board;

9.1.7 the age of each member;

9.1.8 other Board and professional positions held by each member;
and

9.1.9 the reasons why any members of the Board have been removed, resigned or retired.

9.2 The following should be disclosed in the Annual Group Integrated Report, as it relates to the Chairman of the Board:

- 9.2.1 whether the chair is considered to be independent; and
 - 9.2.2 whether or not an independent non-executive member of the Board has been appointed as the lead independent, and the role and responsibilities assigned to the position.
- 9.3 The following should be disclosed in the Annual Group Integrated Report, as it relates to the CEO:
- 9.3.1 the notice period stipulated in the CEO's employment contract and the contractual conditions related to termination;
 - 9.3.2 other professional commitments of the CEO, including membership of boards outside the organisation; and
 - 9.3.3 whether succession planning is in place for the CEO position.

10. EVALUATION

- 10.1 The Committee shall perform a self-evaluation of its effectiveness every year and report the results thereof to the Board.
- 10.2 The Board must perform an evaluation of the effectiveness of the Committee, the chairman of the committee as well as the individual members of the Committee every year in order to ensure that they are adequately performing their responsibilities.

11. REVIEW

These terms of reference will be reviewed annually by the Board, and subject to the approval of the Board, amended accordingly.