

SHOPRITE HOLDING LIMITED
BOARD CONFLICTS OF INTEREST POLICY

Approved by the Board of Directors on 28 August 2025

1. INTRODUCTION AND PURPOSE

The purpose of the Conflicts of Interest Policy (the “Policy”) is –

- 1.1. to ensure compliance with the relevant legislation including corporate governance best practice on the disclosure of interests by directors and prescribed officers; and
- 1.2. to ensure that the Board has proactive mechanisms to manage and deal with conflicts of interests as they may arise.

The Policy set out herein contains the minimum standards of compliance but is not exhaustive. The spirit of upholding the Company’s ethical values should always guide the Board over and above compliance with the precise rules set out in the Policy.

2. FUNDAMENTAL VALUES

The Board recognises that in managing the business and affairs of the Company and its subsidiaries the upholding of ethical values and trust is of fundamental importance. The Board further appreciates that the wellbeing and reputation of the Company is dependent on the Board’s ethical leadership.

In terms of the substantive common law, as partially codified in terms of the Companies Act, No 71 of 2008, as amended (the “Companies Act”) directors have –

- 2.1. a fiduciary duty to avoid any conflicts of interest. To act honestly, promote the best interests of the company, not usurp corporate opportunity, not to take secret profits, to exercise powers for the purpose for which they are granted and not for any collateral purpose, to exercise an independent judgement and to act within their powers;
- 2.2. a duty of care, skill and diligence, which essentially amounts to the duty to manage the affairs of the company in the same manner as would be done by a reasonably prudent person of business.

It is important to point out that in the management of the business and affairs of the Company directors must comply with their fiduciary duties and duties of care, skill and diligence. This Policy deals primarily with the procedural requirements relating to conflicts of interest.

3. PERSONS TO WHOM THE PROVISIONS OF THE POLICY APPLY

This Policy shall apply to all directors and alternate directors of Shoprite Holdings Limited (“Shoprite”).

4. PROCEDURAL REQUIREMENTS APPLICABLE AT BOARD MEETINGS

4.1. The Fundamental Requirements

In terms of section 75(5) – If a director of a company, ... has personal financial interest in respect of a matter to be considered at a meeting of the board, or knows that a related person has a personal financial interest in the matter, the director –

- 4.1.1. must disclose the interest and its general nature before the matter is considered at the meeting;
- 4.1.2. must disclose to the meeting any material information relating to the matter, and known to the director;
- 4.1.3. may disclose any observations or pertinent insights relating to the matter if requested to do so by the other directors;
- 4.1.4. if present at the meeting, must leave the meeting immediately after making any disclosure contemplated in paragraphs 4.1.1 and 4.1.2;
- 4.1.5. must not take part in the consideration of the matter, except to the extent contemplated in paragraphs 4.1.1 and 4.1.2;
- 4.1.6. while absent from the meeting in terms of this subsection –
 - 4.1.6.1. is to be regarded as being present at the meeting for the purpose of determining whether sufficient directors are present to constitute the meeting; and
 - 4.1.6.2. is not to be regarded as being present at the meeting for the purpose of determining whether a resolution has sufficient support to be adopted; and
 - 4.1.6.3. must not execute any document on behalf of the company in relation to the matter unless specifically requested or directed to do so by the board.

It will be appreciated that the important components set out above are the duties of disclosure and recusal.

4.2. Components of Section 75(5)

- 4.2.1. In the **first instance** the duty of disclosure imposed on the director is triggered when there is a board meeting.
- 4.2.2. **Secondly**, there is a matter to be considered at that board meeting. The reference to a "matter" is wider than a transaction or agreement but certainly would include a transaction or agreement.
- 4.2.3. **Thirdly**, the director must either-
 - 4.2.3.1. have a personal financial interest in that matter; or
 - 4.2.3.2. know that a related person has a personal financial interest in that matter.
- 4.2.4. **Fourthly**, insofar as concerns a personal financial interest –
 - 4.2.4.1. it is defined in section 1 of the Act as a direct material interest of a financial monetary or economic nature, or to which a monetary value may be attributed;
 - 4.2.4.2. material has no clearly defined meaning but is such as might reasonably affect a person's judgement or decision-making in a matter. It has been held a material financial interest is such as likely to be one that would give rise to a real or sensible possibility of conflict. Thus, the interest must not be insignificant or trivial;

- 4.2.4.3. interest is more difficult to describe. It can be a shareholding, partnership participation or any other factor that is likely to be one that would give rise to a real or sensible possibility of conflict of interest.
- 4.2.5. **Fifthly**, the director must know that a related person has a personal financial interest in the matter. The term "know" is defined in section 1 of the Act that the person –
- 4.2.5.1. had actual knowledge; or
 - 4.2.5.2. was in a position in which the person reasonably ought to have –
 - 4.2.5.2.1. had actual knowledge;
 - 4.2.5.2.2. investigated the matter to an extent that would have provided the person with actual knowledge;
 - 4.2.5.2.3. taken other measures which, if taken, would reasonably be expected to have provided the person with actual knowledge of the matter.
- 4.2.6. **Sixthly**, related persons are described in section 2 of the Act. These are –
- 4.2.6.1. individuals married to each other or who live together in a relationship similar to marriage;
 - 4.2.6.2. persons who are separated by no more than two degrees of natural or adopted consanguinity or affinity. This would include parents and their children, grandparents and their grandchildren, first cousins, uncles and their nieces and nephews, aunts and their nieces and nephews, brothers, sisters, brothers and sisters;
 - 4.2.6.3. an individual is related to a juristic person that such individual directly or indirectly controls;
 - 4.2.6.4. a juristic person controls other juristic persons if –
 - 4.2.6.4.1. it directly or indirectly controls that other juristic person or its business; or
 - 4.2.6.4.2. if there is a holding and subsidiary relationship between them; or
 - 4.2.6.4.3. the same individual directly or indirectly controls each of the juristic persons;
 - 4.2.6.5. a person controls a trust if the person has the ability to control the majority of the votes of the trustees or to appoint the majority of the trustees or to appoint or change the majority of the beneficiaries of the trust.
- 4.2.7. **Seventhly**, in terms of section 75(2)(b) of the Act a person who is a director of both companies who transact with each other gives rise to a related party relationship. Thus, if Smith is a director of ABC (Pty) Limited and is also a director of XYZ (Pty) Limited then at a board meeting of ABC (Pty) Limited to consider entering into a contract with XYZ (Pty) Limited, then XYZ (Pty) Limited would be deemed to be a related party of Smith and Smith will have to disclose Smith's interest in XYZ (Pty) Limited and the provisions of section 75(5) will apply.

4.3. Ongoing Disclosure

It is also necessary to draw attention to the provisions of section 75(4) of the Companies Act. In terms of thereof directors may disclose personal financial interests to the board. This is not obligatory and provides a partial mechanism for the purposes of section 75(5).

4.4. Further Disclosure Obligations

Finally, in terms of section 75(6) of the Act, if a director becomes aware at some time after the company of which he is a director acquires an interest in another company in which he has a personal financial interest then that fact must be disclosed to the board of the first company.

4.5. Consequences of Non-Disclosure

The consequence of non-disclosure in respect of a decision of the board in circumstances where there was a duty of disclosure as required in terms of section 75(5) are severe. Any transaction undertaken pursuant to such a decision of the board would be unenforceable.

Insofar as remedying the non-disclosure the position is as follows –

- the transaction must subsequently be ratified by an ordinary resolution of the shareholders following disclosure of the relevant interest in the Notice Convening the Meeting of shareholders; or
- the decision of the board has been declared to be valid by a court in terms of section 75(8).

There are different views as to whether a subsequent board meeting can ratify a decision previously taken by the board in circumstances where there was a failure of disclosure.

4.6. Common Law Procedural Requirements Relating to the Disclosure of Conflicts of Interest

It is important to point out that the provisions of section 75 of the Act are not exhaustive in relation to the obligation of directors to disclose interests. In certain cases where the disclosure requirements are not fully regulated in section 75, they are supplemented by the common law.

4.7. Content of Disclosure

Where a director is obliged to disclose the personal financial interest, the requirement is generally to disclose the nature and extent of the director's interest. Thus, for example, if Smith who is a director of company ABC (Pty) Limited proposes to enter into a contract with XYZ (Pty) Limited of which Smith is also a director, she is obliged to disclose her interest in XYZ (Pty) Limited and then the disclosure would be –

- the nature of Smith's interest – that Smith is a director of XYZ (Pty) Limited; and
- the extent of Smith's interest – that, for example, Smith is a shareholder of XYZ (Pty) Limited holding [•]% of the issued share capital of XYZ (Pty) Limited and/or that Smith has extensive claims on loan account against XYZ (Pty) Limited.

5. PROVISIONS OF KING IV REPORT ON CORPORATE GOVERNANCE

Attention is drawn to the provisions of the King IV Report on Corporate Governance.

Principle 7, paragraph 25 reads as follows –

“Subject to legal provisions, each member of the board should submit to the board a declaration of all financial, economic and other interests held by the member and related parties at least annually, or whenever there are significant changes.”

Principle 7, paragraph 26 reads as follows –

“At the beginning of each meeting of the board or its committees, all members should be required to declare whether any of them has any conflict of interest in respect of a matter on the agenda. Any such conflicts should be proactively managed as determined by the board and subject to legal provisions.”

6. COMPLIANCE AND JSE LISTINGS REQUIREMENTS

There must also be compliance with the provisions of the Listings Requirements of the JSE.

7. COMMON LAW SUBSTANTIVE DUTIES RELATING TO CONFLICTS OF INTEREST

The foregoing principles are essentially all procedural and regulate the duty of directors to make required disclosures.

The substantive law contained in section 76 of the Act and the common law governs how directors are required to deal with conflicts of interest in the performance of their functions as directors. Thus, for example, if a director is authorised by the company to sell an asset on behalf of the company the director would be precluded from selling to a purchaser in whom the director has an interest.

8. CONCLUSION

Compliance with the requirements of the Policy is not only a legal obligation but is also central to the integrity and reputation of Shoprite.

9. REVIEW OF THE POLICY

This policy is subject to periodic review and revision, as required. The Nominations Committee will recommend any amendments to the Board for approval.