

Board Charter

The Board's primary responsibility is the positive performance of the Company in creating value for all its stakeholders. The Board provides effective corporate governance that involves monitoring the relationships between the Board and Management and between the Company and its stakeholders. This it does in terms of its Charter which is set out below.

1. Introduction and purpose of the Board Charter

- 1.1. Mr Price Group Limited ("the Group" or "the Company") subscribes to ethical leadership, business sustainability, stakeholder inclusivity and sound values of good corporate governance, supporting, amongst others, the King Code of Governance for South Africa 2009 (King III) principles and practices and the JSE Listings Requirements.
- 1.2. The Board of Directors ("the Board") is the focal point of the Group's corporate governance system and the Board acknowledges the need to implement a Board Charter ("the Charter").
- 1.3. The purpose of the Charter is to set out the Board's composition, role and responsibilities, board leadership, delegation, general conduct of the Board, meeting procedures, evaluation and other related matters.
- 1.4. The Charter is subject to the provisions of the Companies Act, 2008, the Memorandum of Incorporation (MOI) of the Company and any other applicable law or regulatory provision.

2. Composition of the board

- 2.1. The Group subscribes to a unitary Board, which both leads and controls the Group. It comprises executive and non-executive Directors, with the majority of Directors being non-executive and the majority of non-executive Directors being independent. The composition of the Board reflects the need to protect the interests of the Group, its stakeholders as well as its competitiveness.
- 2.2. The size of the Board is a minimum of four (as regulated in the MOI) and Directors are appointed through a formal process. The Remuneration and Nominations Committee assists with the process by identifying suitable candidates. The appointment of all Directors shall be subject to shareholder approval.
- 2.3. In accordance with the MOI, the appointment of Alternate Directors is permissible
- 2.4. Certain responsibilities are reserved for the Board, while other responsibilities are delegated to well-structured Board and Statutory Committees each with a formal Mandate (see Paragraph 5, "Delegation") without abdicating the Board's own responsibilities. The Committees are:
 - Audit and Compliance Committee;
 - Remuneration and Nominations Committee; and
 - Social, Ethics, Transformation and Sustainability Committee.
- 2.5. The retirement age for an executive Director shall be 65 years and for a non-executive Director 70 years. The Board shall be entitled to re-elect a non-executive director, or extend employment for an executive director, past the retirement age. In its annual consideration of the matter, the Remuneration and Nominations Committee will need to determine, in the absence of such Director, if he/she continues to actively contribute to and participate in the activities of the Board.

3. Role and responsibilities of the board

The role and responsibilities of the Board are to:

- 3.1. Act as the focal point for and custodian of, corporate governance by managing its relationship with Management, shareholders and other stakeholders of the Group along sound corporate governance principles.
- 3.2. Ensure that the Group is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business of the Group, but also the impact that business operations have on the environment and the societies within which it operates.
- 3.3. Provide effective leadership on an ethical foundation and ensure that ethics are managed effectively.
- 3.4. Provide oversight of strategy, risk, performance and sustainability by:
 - 3.4.1. contributing to and approving the Group strategy;
 - 3.4.2. setting a strategy which will result in sustainable outcomes;
 - 3.4.3. considering sustainability as a business opportunity that guides strategy formulation;
 - 3.4.4. satisfying itself that strategy and business plans do not give rise to risks that have not been thoroughly assessed by Management, through an effective internal control and risk management environment;
 - 3.4.5. approving the Group Risk Appetite Policy and Enterprise Risk Management framework

- 3.4.6. reviewing and validating the Group's key risks
- 3.4.7. monitoring that risks are managed within the approved levels of tolerance and appetite;
- 3.4.8. identifying key performance and monitoring progress thereto;
- 3.4.9. considering the deliberations of Management and governance committees to ensure appropriate consideration of key risk exposures;
- 3.4.10. monitoring significant risk events, performance surprises and incidents so as to understand the root cause and required actions;
- 3.4.11. considering new risks that could have a significant strategic, financial, operational or reputational impact;
- 3.4.12. ensuring the adequacy and appropriateness of the Company's insurance cover;
- 3.4.13. considering high impact/low likelihood risks (black swan events);
- 3.4.14. reviewing the combined assurance plan and ensuring that key risks are adequately covered and assurance providers and planned activities are appropriate;
- 3.4.15. reviewing the summary reports prepared by the risk management function on the effectiveness of the overall Enterprise Risk Management process, the status and progress of corrective actions and the adherence to the Enterprise Risk Management Framework; and
- 3.4.16. reviewing and approving the aspects of the Annual Integrated Report relating to strategy, Enterprise Risk Management process and the Group's key risks.
- 3.5. Encourage attendance by Directors, shareholders and relevant stakeholders at the Annual General Meeting or other shareholders' meeting and make every effort to ensure the attendance by the Board Chairman and Committee Chairmen at such meetings.
- 3.6. Ensure that the Committees (as per paragraph 2.4 above) are effective and fulfill their duties in terms of their respective Mandates.
- 3.7. Provide oversight of the Group Ethics Programme, with the support of the Social, Ethics, Transformation and Sustainability Committee and the Audit and Compliance Committee, including:
 - 3.7.1. Establishment and annual review of the Business Code of Conduct; and
 - 3.7.2. Appropriate management of real or perceived conflicts of interest.
- 3.8. Provide oversight of information technology (IT) governance.
- 3.9. Declare dividends to shareholders.
- 3.10. Ensure the integrity of the Company's Annual Integrated Report;
- 3.11. Commence business rescue proceedings as soon as the Company is financially distressed;
- 3.12. Determine the overall framework of skills and other requirements of Directors;
- 3.13. Appoint the Chief Executive Officer; and
- 3.14. Evaluate the performance of Executive Directors.

The Board should do everything necessary to fulfill its role set out above.

4. Board leadership

The Board is structured such that there is a clear balance of power and authority, ensuring that no one Director has unfettered powers.

4.1. Board Chairman

The Chairman is responsible for ensuring the integrity and effectiveness of the Board and its Committees, which includes:

- 4.1.1. maintaining independence and objectivity in matters relating to the Board and Company;
- 4.1.2. setting the ethical tone for the Board and the Group;
- 4.1.3. providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;
- 4.1.4. managing conflicts of interest, in conjunction with the Lead Independent Director;
- 4.1.5. actively participating in the selection of Board members (via the Remuneration and Nominations Committee and Lead Independent Director), and overseeing a formal succession plan for the Board and certain senior Management appointments;
- 4.1.6. determining and formulating (in conjunction with the Chief Executive Officer and Company Secretary) the annual work plan for the Board against agreed objectives and goals and having ownership of the agenda for Board meetings, which is administratively facilitated by the Company Secretary;
- 4.1.7. acting as the link between the Board and Management and particularly between the Board and the Chief Executive Officer;
- 4.1.8. encouraging collegiality amongst Board members and Management while at the same time maintaining an arm's length relationship;
- 4.1.9. ensuring that Directors play a constructive oversight role in the affairs of the Group and taking a lead role, with the support of the Lead Independent Director, in the process for removing non-performing or unsuitable Directors from the Board;

- 4.1.10. ensuring that relevant and objective information is placed before the Board to enable Directors to reach informed decisions;
- 4.1.11. monitoring how the Board functions collectively, how individual Directors perform and how they interact at meetings;
- 4.1.12. mentoring to enhance Directors' confidence, especially new or inexperienced Directors and encouraging them to make an active contribution at meetings;
- 4.1.13. presiding over the Board meetings to ensure the productivity of such meetings;
- 4.1.14. striking the right balance between informed and intellectually naive questions in eliciting decisions;
- 4.1.15. monitoring, in conjunction with the Lead Independent Director, the combined skills of the Board and ensuring that Board members are appropriately educated in their duties and responsibilities and that a formal programme of continuing professional education is adopted at Board level;
- 4.1.16. ensuring that good relations are maintained with the Group's major shareholders and its strategic stakeholders, building and maintaining stakeholders' trust and confidence in the Group, and
- 4.1.17. presiding over shareholders' meetings.

In addition to the Chairman, other positions such as Honorary Chairman and Lead Independent Director may exist. Functions and responsibilities for each position will be formally recorded considering the requirements of the Group and their other duties as a Director.

4.2. **Chief Executive Officer**

The Chief Executive Officer provides executive leadership and is accountable to the Board for the implementation of strategies, objectives and decisions within the framework of the delegated authorities, values and policies of the Group, which include:

- 4.2.1. appointing and removing of the divisional and executive directors, ensuring proper succession planning and performance appraisals;
- 4.2.2. developing the Group's Strategy and vision for Board consideration and approval;
- 4.2.3. developing and recommending to the Board, annual business plans and budgets that support the Group's long-term strategy;
- 4.2.4. monitoring and reporting to the Board on performance against and conformance with strategic imperatives;
- 4.2.5. organising the structure necessary to achieve the Group's strategic plans;
- 4.2.6. setting the tone from the top in providing ethical leadership and creating an ethical environment;
- 4.2.7. ensuring responsible risk taking within the approved risk appetite levels;
- 4.2.8. ensuring implementation of effective control system; and
- 4.2.9. ensuring that the Group complies with all relevant laws and regulations.

4.3. **Company Secretary**

The Company Secretary is appointed by and is accountable to the Board for:

- 4.3.1. **Company administration**
 - 4.3.1.1. providing administrative support to the Board and the Board and Statutory Committees;
 - 4.3.1.2. ensuring that minutes of the Board and the Board and Statutory Committees are circulated to the respective members in a timely manner, after approval by the Chairman;
 - 4.3.1.3. ensuring that the Board Charter and Committee mandates are sufficiently incorporated into the annual work plan and reviewed regularly.
- 4.3.2. **Compliance**
 - 4.3.2.1. ensuring that the applicable corporate and governance laws and regulations (as delegated in accordance with the regulatory universe) are complied with and consideration given to local and international governance recommendations;
 - 4.3.2.2. maintaining the Group and Board administration records in accordance with legal requirements.
- 4.3.3. **Board support**
 - 4.3.3.1. Development and facilitation of Director induction programmes, as and when required;
 - 4.3.3.2. In conjunction with the Lead Independent Director, facilitating and coordinating annual Board and Committee evaluations.

4.3.4. **Board guidance**

- 4.3.4.1. providing the Board as a whole with guidance as to how their responsibilities should be properly discharged in the best interests of the Group.

5. Delegation

The Board delegates certain functions to well-structured Board and Statutory Committees and to Management to assist in the execution of its duties, powers and authorities, but without abdicating its own responsibilities. Delegation is a formal process and involves the following:

5.1. **Board and Statutory Committees**

- 5.1.1. an effective and independent Audit and Compliance Committee, supported by an effective risk-based audit function, is required together with any such other effective and independent committee required by law or advisable in terms of corporate governance or determined by the Board;
- 5.1.2. the Social, Ethics, Transformation and Sustainability Committee, focusing in addition to its statutory social and ethics commitments, on the transformational and sustainability matters impacting the Group;
- 5.1.3. an annual Special Corporate Governance meeting of the Board to focus specifically on the governance matters required by a Board and allowing for an undiluted and considered approach to corporate governance.
- 5.1.4. formal Mandates for each Committee are approved and reviewed on a regular basis; and
- 5.1.5. each Committee acts in accordance with the delegated authority of the Board and, where applicable, with statutory requirements as recorded in its Mandate.

5.2. **Management**

The Board establishes a formal framework for the delegation of authority to Management, in respect of those matters not reserved for the Board.

6. General conduct of the Board

- 6.1. The conduct of Directors shall be consistent with their accountability to the Group and to its stakeholders.
- 6.2. The Board's discussions shall at all times be open and constructive. The Chairman shall seek a consensus in the Board but may, where considered necessary, call for a vote in conformance with the MOI. After full discussion and debate on any subject, the Chairman shall summarise the debate prior to final resolution whether by way of consensus or by way of a vote.
- 6.3. All matters are considered confidential unless otherwise stated and any briefings on legal matters privileged (and to the extent advisable, the Board shall be entitled not to incorporate in its minutes any such briefings). The Directors are expected to observe restrictions on the use and confidentiality of the Group information.
- 6.4. Any Director may request the addition of an item on the agenda.
- 6.5. The Directors are entitled to have access, at reasonable times, to all relevant Group information and to Management via the office of the CEO.
- 6.6. The Directors are to comply with applicable laws and consider adherence to non-binding rules and standards.
- 6.7. The Directors are to appreciate that stakeholders perceptions affect the Company's reputation.
- 6.8. The Directors are to act in the best interests of the Group by ensuring that they:
 - 6.8.1. adhere to legal and ethical standards of conduct;
 - 6.8.2. are permitted to take independent advice, at the Group's expense, in connection with their duties following the agreed procedure of liaising first with either the Chairman or the Lead Independent Director;
 - 6.8.3. disclose real or perceived conflicts of interest to the Board and deal with them accordingly; and
 - 6.8.4. deal with securities only in accordance with the Shares Trading Policy, adopted by the Board in compliance with the Financial Markets Act, 2012 and the JSE Listing Requirements.

7. Meeting procedures

7.1. **Frequency**

- 7.1.1. the Board must hold sufficient scheduled meetings to discharge all its duties as set out in this Charter but subject to a minimum of four (4) meetings per year; and
- 7.1.2. meetings in addition to those scheduled may be held at the instance of a Board member.

7.2. Attendance

- 7.2.1. members of Senior Management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only and they may not vote;
- 7.2.2. the Board members must attend all scheduled meetings of the Board, including meetings called on an *ad hoc* basis for special matters, unless prior written apology, with reasons, has been submitted to the Chairman or Company Secretary;
- 7.2.3. notwithstanding 7.2.2 above, Board members are required to attend a minimum of two (2) Board meetings per year;
- 7.2.4. the Company Secretary is the secretary to the Board; and
- 7.2.5. if the Chairman of the Board is absent from a meeting, the members present must elect one of the members present to act as Chairman.

7.3. Agenda and minutes

- 7.3.1. the Chairman must establish, for Board approval, the 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 this Charter;
- 7.3.2. the number, timing and length of meetings and the agendas are to be determined in accordance with the annual plan;
- 7.3.3. a detailed agenda, together with supporting documentation, must be circulated, at least 5 (five) business days prior to each meeting to the members of the Board and/or other invitees. The Board Chairman must establish standards for preparation of Board papers and reports;
- 7.3.4. the Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion; and
- 7.3.5. the minutes must be completed by the Company Secretary as soon as possible after the meeting and circulated firstly to the Chairman for input, thereafter to members of the Board for review. The minutes must be formally approved by the Board at its next scheduled meeting.

7.4. Quorum

- 7.4.1. a quorum necessary for the transaction of business shall be three Directors (either in person or by electronic means), as determined by the MOI; and
- 7.4.2. individuals in attendance at Board meetings by invitation may participate in discussions but do not form part of the quorum for Board meetings.

7.5. Proceedings of meetings

In addition to matters set out in this Charter, meetings and proceedings of the Board will be governed by the MOI.

8. Evaluation

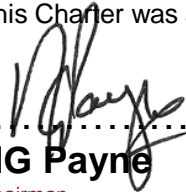
- 8.1. The Board shall evaluate its performance (including the performance of its Board and Statutory Committees, Committee Chairmen, individual Board members and the Company Secretary) annually and include an overview of the appraisal process in the integrated report.
- 8.2. Due to the potential sensitivity of the information, the results and action plan are to be reviewed by the Committee but not published in the integrated report.
- 8.3. The self-evaluation may take the form of a questionnaire, feedback from relevant stakeholders or any other form as may be determined by the Board.

9. Review

This Charter shall be reviewed by the Board on an annual or *ad hoc* basis as required.

10. Approval of this Charter

This Charter was adopted by the Board on the 8th day of November 2016.


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NG Payne
Chairman
Mr Price Group