Corporate Governance Report

Introduction

The directors and management of Super Group subscribe to the generally accepted principles of good corporate governance as one of the foundations of a sustainable business. Super Group is committed to and accepts responsibility for applying these principles to ensure that the Group is managed ethically within prudent risk parameters. The Group is subject to and endorses the ongoing disclosure, corporate governance and other requirements required by the JSE. The Group also supports and complies with the principles of the South African Code of Corporate Practices and Conduct as recommended in the King III report and the International Integrated Reporting <IR> Framework.

In terms of paragraph 8.63(a) of the JSE Listings Requirements, the Group has published its application of the Chapter 2 principles on its website www.supergroup.co.za.

The 2016 financial year was another milestone year for Super Group, characterised by various corporate actions, including the acquisition of a 75% interest in IN tIME, a time-critical delivery services company in Germany, effective 2 November 2015. IN tIME has operations in Central, Eastern and Northern Europe. The Group acquired 100% of NLC, through its subsidiary SG Fleet, effective 30 November 2016. The Group's holding in SG Fleet decreased to 52.2% at the time of the NLC acquisition. These acquisitions are in line with Super Group's stated strategy of making selective acquisitions in its core businesses. Effective 1 July 2016, the GWM Business for Southern Africa was sold to GWM (China).

The Group raised R900 million through a Rights Offer to shareholders in early October 2015 to partially finance the IN tIME acquisition. The Group further raised R360 million through an Accelerated Bookbuild in December following the NLC acquisition.

Issues of corporate governance, including the requirements of the Companies Act, the JSE Listings Requirements and the release of the King Code IV report for Corporate Governance for South Africa 2016 in November 2016, will continue to receive the Board's attention, consideration and refinement as necessary in order for the Group to remain compliant with current practices in corporate governance and with the changes arising from the South African Corporate Law reformation process. Sound corporate governance remains one of the top priorities of the Board and executive management.

Board of directors

Corporate governance within Super Group is managed and monitored by a unitary Board, the Group Audit Committee and several subcommittees of the Board. The Board's responsibilities and terms of reference are detailed in the Board charter. This charter has been developed to enable the directors to maintain effective control over strategic, financial and compliance matters of Super Group. This Charter is reviewed annually and updated when required to ensure compliance with the Companies Act, King III and the JSE Listings Requirements.

Board responsibilities

The Board is accountable to the stakeholders for exercising leadership, integrity and judgement in directing Super Group to achieve profitability by ensuring the necessary balance between entrepreneurship and conformance with best business and corporate governance practices. The Board's primary functions include:

- approving the strategic direction of Super Group;
- confirming strategic objectives and key policies and ensuring communication of these to applicable management levels;
- monitoring the implementation of management's plans and strategies;
- reviewing and approving overall policies and processes to maintain the integrity of the Group's risk management and internal controls;
- determining and defining investment and performance criteria;
- reviewing and approving the annual business plan and budget and monitoring performance against budget;
- identifying and continually reviewing key risks, as well as the mitigation thereof by management, against a background of economic, environmental and social issues;
- monitoring of financial and internal control development;
- continually rating the Group's own performance relative to budgets, competitors and prevailing economic conditions;
- approving major capital expenditure programmes, significant acquisitions and disposals;
- approving investment, divestment, refinancing and restructuring transactions;
- reviewing and approving the Group's half year and full year results;
- reviewing and approving the Integrated Report;
- developing and implementing employment equity plans;
- developing and implementing employee development and remuneration plans, including share scheme management;
- appointing the CEO and monitoring the succession plan;
- evaluating the performance of all directors;
- reviewing and approving the Group's environmental and Occupational Health and Safety plans; and
- reviewing and approving the Group's plan for community-based development, sponsorship and donations.

Composition of the Board

A key aspect of the Group's governance philosophy is that no one individual has unfettered powers of decision-making. During the year under review, the Board comprised of six non-executive directors and two executive directors and was chaired by a non-executive chairman. The non-executive directors exert significant influence at meetings. From time to time the non-executive directors meet without the executive directors present. In considering the composition of the Board, competency in respect of the Group's affairs carries as much weight as independence. The roles of CEO and Chairman of the company are split.

The Board considers its composition including its chairmanship annually.

The Board has considered the chairmanship of Phillip Vallet and agrees that he may now be regarded as an Independent Non-executive Director and remains the best person to lead the company and the Board as the Group continues to implement its strategies.