



supergroup 

CORPORATE GOVERNANCE REPORT
for the year ended 30 June 2018

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Abbreviations and definitions

The following abbreviations and definitions are used throughout this Corporate Governance Report

“AFS”	Annual Financial Statements
“AGM”	Annual General Meeting
“B-BBEE”	Broad-Based Black Economic Empowerment
“BEE”	Black Economic Empowerment
“CAE”	Chief Audit Executive
“CEO”	Chief Executive Officer
“CFO”	Chief Financial Officer
“CIO”	Chief Information Officer
“CIPC”	Companies and Intellectual Property Commission
“Companies Act”	Companies Act no 71 of 2008
“Exco”	Executive Committee
“IT”	Information Technology
“JSE”	JSE Limited
“King IV”	The King Code of Corporate Governance Principles and the King Report on Governance for South Africa 2016
“Listings Requirements”	Listings Requirements of the JSE
“MISA”	Motor Industry Staff Association
“POPI Act”	Protection of Personal Information Act 2013
“SENS”	Stock Exchange News Service
“SGA”	Super Group Africa (Pty) Ltd
“SG Fleet”	SG Fleet Group Limited
“SG inTime”	SG inTime Holdings GmbH and its subsidiaries
“SGT”	Super Group Tradings (Pty) Ltd
“Strate”	Strate Limited
“Super Group” or “the Group”	Super Group Limited and its subsidiaries
“the Board”	the Board of directors of Super Group
“the company”	Super Group Limited

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 on-going disclosure, corporate governance and other requirements required by the JSE. The Group also supports and complies with the principles of King IV and the International Integrated Reporting 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. A King IV Application Register is included in this report on pages 16 to 20 and is also available on the website.

The 2018 financial year was another active year for Super Group, characterised by various corporate actions, these included:

- The acquisition of Slough Motor Corporation (SMC) effective 4 July 2017
- The acquisition of an 88% net interest in Servicios Empresariales Ader, SL (Ader) effective 4 July 2017
- The acquisition of an additional 15% of the share capital of ABF Legend Logistics effective 1 September 2018, increasing the Group's interest in ABF Legend Logistics to 90%
- Supply Chain Africa acquired 90% of the MDS Group effective 1 October 2017
- The issue of 12 422 360 Ordinary Shares at R40.25 per share through an Accelerated Bookbuild on 13 October 2017
- The sale of 15% of the share capital of SG Coal to the Kgolo Trust, the Group's Black Women Empowerment Scheme effective 1 April 2018, reducing the Group's interest in SG Coal to 85%
- The acquisition of the remaining 45% of the share capital of Digistics, increasing the Group's interest in Digistics to 100%
- The acquisition of an additional 14 186 914 shares in SG Fleet, increasing the Group's interest in SG Fleet to 57%

The acquisitions are all in line with Super Group's stated strategy of selected acquisitions in its core businesses in the geographies in which it operates.

Issues of corporate governance, including the requirements of the Companies Act, the JSE Listings Requirements and King IV, will continue to receive the Board's attention, consideration and refinement as necessary 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 Exco.

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 has been updated when required to ensure compliance with the Companies Act, King IV and the JSE Listings Requirements.

BOARD RESPONSIBILITIES

The Board is accountable to the Group's 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 also acknowledges its responsibilities in accordance with the recommendations of King IV, specifically Principles 1, 2 and 3 of the Code, vis-à-vis leading ethically and effectively, governing the ethics of Super Group in a way that supports the establishment of an ethical culture, and ensuring that the organisation is and is seen to be a responsible corporate citizen. The Board further acknowledges that it should serve as the focal point and custodian of the corporate governance in the organisation as outlined in Principle 6 of King IV.

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, including approving management's basis for determining materiality for deciding which information is included in the Integrated Report.
- Determining the arrangement for assurance with respect to the information included in the Integrated Report.
- Developing and implementing employment equity plans.
- Developing and implementing employee development and remuneration plans, including share scheme management.
- Approving the nomination of new candidates to the Board, as well as the process for nomination, election and appointment to the Board.
- Appointing the CEO and monitoring the succession plan.
- Evaluating the performance of all directors.
- Overseeing that the organisation's purpose and values, strategy and conduct are in keeping with it being a responsible citizen as follows:
 - Overseeing and monitoring how Super Group's activities and outputs affect its status as a good corporate citizen.
 - Reviewing and approving the Group's plan for community-based development, sponsorship and donations.
- Exercising oversight over the Group's stakeholder relationship management.
- Reviewing and approving Super Group's Code of Conduct and ethics policies.
- Reviewing and approving the Group's environmental and Occupational Health and Safety plans.
- Overseeing the assessment and response to any potential negative consequences of the Group's activities and outputs.
- Formally reviewing the adequacy and effectiveness of the organisation's technology and information function, ensuring it complies with certain disclosure requirements with respect to technology and information.
- Ensuring that technology and information in the Group is governed in a way that supports the organisation setting and achieving its strategic objectives. This includes the management, protection and oversight of technology and information, including the development of a 'cyber security plan'.

Board of directors (continued)

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. In the previous financial year the Board adopted a Gender Policy.

The Board has considered the chairmanship of Phillip Vallet and agrees that he is 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. In determining the independence of Mr Vallet, the Board considered the length of time that Mr Vallet has served on the Board. The Board has also had regard to the fact that legal fees paid by Super Group to Fluxmans Inc., are not material to either entity. In the result, the Board has concluded that Mr Vallet is an independent non-executive director. Fluxmans Attorneys, a director-related entity, continues to assist Super Group with corporate law advisory services in respect of various transactions and several other corporate and labour matters.

While retaining overall accountability and subject to matters reserved to itself, the Board has delegated to the executive directors' authority to run the day-to-day affairs of the Group. The executive directors are held accountable through regular reports to the Board and are measured against agreed performance criteria and objectives appropriate to the current stage in the business cycle and the prospects in each business unit. The executive directors meet and interface with senior executives regularly. The objective of these meetings is to assist the CEO in guiding and controlling the overall direction of the Group and to act as a medium of communication and coordination between operating divisions and the Board.

Each of the directors brings to the Board a wide range of expertise, commercial and technical experience and business acumen that allow them to exercise independent judgement in Board deliberations and decisions. Non-executive directors have unrestricted access to management. The abbreviated curriculum vitae of the members of the Board as well as an analysis of their combined skills can be found on pages 14 and 15 of the Group's 2018 Integrated Report.

BOARD MEETINGS

Board meetings are held at least quarterly and additional meetings are convened when necessary should a particular issue demand attention. Board meetings are convened by formal notice incorporating a detailed agenda supported by relevant written proposals and comprehensive reports. Management aims to disseminate meaningful, relevant and complete information in a timely manner prior to Board meetings. Where necessary, decisions are taken between Board meetings by written resolution as provided for in the company's Memorandum of Incorporation.

During the year the non-executive directors met to consider and review the Group's Governance Framework and the Board's role therein in the light of the high-profile issues that have been raised at Steinhoff, among others. The Board concluded that there were no major shortcomings in the Group's governance, however a few adjustments in respect of certain issues were adopted.

Details of attendance by directors of Board and committee meetings for the year under review are set out below:

	Board	Group Audit Committee	Group Risk Committee	Remuneration Committee	Deal Committee	Group Social and Ethics Committee
Number of meetings during the year	7	5	2	2	1	1
Meetings attended						
E Banda	5	4	NM	NM	NM	NM
C Brown	7	NM 5	2	NM	1	1
M Cassim	7	5	2	NM	NM	NM
V Chitalu	7	NM	NM	2	NM	NM
P Mountford	7	NM 5	2	2	1	1
J Newbury	7	NM	NM	2	1	NM
D Rose	7	5	2	NM	NM	1
P Vallet	7	NM 4	NM	2	1	NM

NM: Non-member, do attend committee meetings by invitation.

Members of the Board have unlimited access to the Group Company Secretary. Where appropriate, advice of independent professionals may be sought by any Board member, the cost of which is borne by the company.

BOARD APPOINTMENTS

The non-executive directors have no fixed terms of appointment as they are subject to reappointment by the shareholders every three years. Non-executive directors will retire from the Board at the age of 75. Where circumstances require, the retiring director may be retained on the Board.

Peter Mountford, the CEO, has a written letter of appointment that endures indefinitely and is subject to termination on one month's notice. The CEO is a director of SG Fleet Group, the Group's subsidiary company listed on the Australian Stock Exchange. He is also a director of South Africa Day and sits on the board of the Road Freight Association. Colin Brown, the CFO, has a written letter of appointment that endures indefinitely and is subject to termination on two months' notice. There are no specific contractual terms in respect of the termination clauses for both executives. Both executives have change of control clauses in their letter of appointment.

One third of the non-executive Board members are required to retire by rotation every year and, if eligible, are considered for re-appointment at the AGM.

Any new appointment is considered by the Board sitting as a Nominations Committee. The experience and skills required for the position are agreed by the Board and a short list of candidates is prepared. The curriculum vitae of the candidates are circulated to all Board members. The Board will nominate two or three of the Board members to interview the candidates. The outcome of the interviews is then reported to the Board sitting as a Nominations Committee. The Board will then select the successful candidate. Interim Board appointees are required to retire at the next AGM where they make themselves available for election by the shareholders.

There were no changes to the composition of the Board during the financial year. Subsequent to year end, Super Group announced the appointment of Oyama Andrew Mabandla effective 1 September 2018.

EVALUATION OF THE BOARD

The Chairman of the company, assisted by the Group Company Secretary, carried out a comprehensive evaluation of the Board, its committees and directors. The contributions of the directors to both the Board and the Board committees were evaluated and the effectiveness of the Board and its committees in carrying out their mandates was also assessed. The Chairman and the Group Company Secretary concluded that the Board and its committees are operating effectively. Every two years the full Board will carry out an evaluation of the effectiveness of the Board and its committees.

All the directors have contributed their time and skills to the functioning of the Board. The Chairman of the company recommends all directors who are nominated for re-election at the AGM as competent and dedicated to serving the Group and looking after the interests of the stakeholders.

Group Company Secretary

Nigel Redford is the Group Company Secretary. The Group Company Secretary plays a vital role in the corporate governance of the Group. The Group Company Secretary is responsible to the Board for, inter alia, ensuring compliance with procedures and applicable statutes and regulations. To enable the Board to function effectively, all directors have full and timely access to information that may be relevant to the proper discharge of their duties. This includes information such as corporate announcements, investor communications and other developments which may affect the Group. This also includes access to management, where required.

During the year under review, the Board conducted an evaluation of the Group Company Secretary's effectiveness, qualification and experience and ensured that he maintains an arms-length relationship with the Board. The appointment and removal of the Group Company Secretary is a matter for the Board as a whole. The Group Company Secretary's Certificate is set out on page 75 of the Integrated Report.

Group Audit Committee

MEMBERS: DAVID ROSE (CHAIRMAN), ENOS BANDA AND MARIAM CASSIM

In terms of the Companies Act, the members of the Group Audit Committee were directly elected at the AGM in November 2017 by the shareholders. All members of the committee are standing for re-election at the AGM in November 2018.

Except for SG Fleet, each operating subsidiary company that has outside shareholders and/or is located offshore has an established Divisional Audit Committee comprised of members that are independent of divisional management, chaired by the Group CFO, which reports to the Group Audit Committee. The Group Audit Committee is notified of all Divisional Audit Committee meetings and committee members are entitled to attend. Minutes of the meetings of the Divisional Audit Committees are made available to members of the Group Audit Committee.

The Group Audit Committee responsibilities are to:

- identify and evaluate exposure to financial risks;
- review the appropriateness and adequacy of the systems of internal financial and operational control;
- review accounting policies;
- evaluate the appropriateness and integrity of financial reporting, including the integrity of the AFS and external reports and risks that may affect these;
- review and approve external audit plans both for operational and IT audits, findings, reports and fees;
- evaluates the appropriateness of the external auditor for audit and non-audit services;
- provide effective communication between directors, management and the internal and external auditors;
- review and recommend to the Board, the interim and year-end financial statements and the Integrated Report;
- deliberate on the independence of the external auditors;
- deliberate on the effectiveness of the CAE and the arrangements for internal audit;
- deliberate on the effectiveness of the design and implementation of internal financial controls and the nature/extent of any significant weaknesses; and
- deliberate on the effectiveness of the CFO and finance and the arrangements in place for combined assurance and the effectiveness thereof.

SG Fleet has its own Audit Committee appointed by the Board of SG Fleet and Peter Mountford is a member of this committee.

The Group Audit Committee works closely with the Group Risk Committee in respect of the identification of the Group's exposure to risks. David Rose and Mariam Cassim are members of both committees, which facilitates close co-operation between the committees.

The Board is provided with regular reports and copies of the minutes of the meetings of the committee. The Group Audit and Risk Manager, internal and external auditors have unrestricted access to the Chairman of the committee and meet with the Chairman regularly.

The committee meets at least four times a year. Meetings are attended by invitees, including the CEO, the CFO, the Group Audit and Risk Manager, the Group Tax Manager, senior employees of the finance department and the external and internal auditors. When required specialists in various fields are invited to attend the committee meeting and provide input to the committee.

The Group Company Secretary acts as the committee's secretary.

The committee meets annually with the external auditors, independently of Exco.

The Group Audit Committee Report for 2018 can be found on pages 76 to 79 of the Integrated Report or on pages 🍏 to 🍏 of the Group AFS.

Board subcommittees

The Board has created various subcommittees to enable it to properly discharge its duties and responsibilities and to effectively fulfil its decision-making process. The Board and its committees are supplied with relevant and timely information enabling them to discharge their responsibilities. The directors have access to all company information, records and documents.

The following subcommittees have been formally constituted:

- Deal Committee
- Remuneration Committee
- Group Risk Committee
- Group Social and Ethics Committee

Each Board subcommittee acts within formalised terms of reference, the committee's charter, which have been approved by the Board. These are reviewed annually and updated where necessary. These set out the purpose, membership, duties and reporting procedures. The subcommittees are subject to regular evaluation by the Board with regard to performance and effectiveness.

DEAL COMMITTEE

MEMBERS: JOHN NEWBURY (CHAIRMAN), PHILLIP VALLET, PETER MOUNTFORD AND COLIN BROWN

This committee meets when required to review and approve all acquisitions and disposals within pre-set levels of authority. Acquisitions and disposals outside the Board-approved mandate are reviewed and the appropriate recommendation is then made to the Board for its consideration and approval. Meetings are attended by invitees, including senior employees of the finance department.

The Group Company Secretary acts as the committee's secretary. The minutes of the meetings of the Deal Committee are distributed to Board members for consideration and approval when required.

REMUNERATION COMMITTEE

Full details of the Remuneration Committee are set out on in the Remuneration Report commencing on page 60 of the Integrated Report.

GROUP RISK COMMITTEE

MEMBERS: DAVID ROSE (CHAIRMAN), MARIAM CASSIM, PETER MOUNTFORD AND COLIN BROWN

The Group Risk Committee assists the Board in discharging its duties in relation to the management of risk across the Group. The committee seeks to ensure that sound risk management principles are embedded in the day-to-day management of every business unit throughout the Group, as well as at a strategic level. The duties of the Group Risk Committee relate to assisting the Board in recognising all material risks to which the Group is exposed and ensuring that the requisite risk management responses, culture, practices, policies, resources and systems are progressively implemented and effective. The committee also reports to the Board in respect of its oversight of the Group's Occupational Health and Safety compliance.

The risk management process has been integrated into strategic processes including acquisitions, due diligence reviews, system implementations and disaster recovery. The committee meets at least twice a year. Meetings are attended by invitees, including the CIO, the Group Legal Manager, and the Group Audit and Risk Manager. The Group Audit and Risk Manager oversees the process from the perspective of strategic direction, ongoing improvement in methodology and process, and technical assistance. The Group Audit and Risk Manager has unrestricted access to the Chairman of the Group Risk Committee. Common membership of the Group Risk and Group Audit Committees by Mariam Cassim and David Rose ensures close cooperation between the committees.

The Group Company Secretary acts as the committee's secretary.

GROUP SOCIAL AND ETHICS COMMITTEE

MEMBERS: DAVID ROSE (CHAIRMAN), PETER MOUNTFORD AND COLIN BROWN

The Board has an approved Social and Ethics charter that incorporates the responsibilities of the Group Social and Ethics Committee and the terms of reference, aligned to the guidelines and requirements provided by the Companies Act. The charter is regularly reviewed and updated where necessary to ensure that the terms of reference comply with all regulatory and legislative guidelines and that the committee performs its duties in terms of the Companies Act. The Group Social and Ethics Committee has executed its duties, in accordance with these terms of reference, during the past financial year.

The committee is authorised by the Board to monitor the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice and these matters are set out in detail in the Group Social and Ethics Committee Report on page 70 of the Integrated Report.

The committee meets at least once a year, Exco and the Group Legal Manager attend by invitation.

The Group Company Secretary acts as the committee's secretary.

Accountability

The Board has delegated legal and statutory compliance to the Group in South Africa to the Group Legal Manager and Group Company Secretary respectively. In the geographical areas the Group operates in outside of South Africa these responsibilities are delegated to the CEO's of those businesses. Areas of focus include Companies Acts, Listings Requirements, labour laws, taxation, health and safety regulations, environmental laws and regulations, and national and regional laws and statutes in respect of the various businesses and their operations. During the year the Group companies were not given notice of any material breach of laws and statutes. The Group's focus going forward is monitoring and understanding changes to laws and regulations and ensuring that all of the Group's businesses remain compliant with the changes.

The directors are responsible for the Group's system of internal controls. Whilst no system can provide absolute guarantees and protection against material loss, the systems are designed to give the directors reasonable assurance that problems can be identified promptly, and remedial action taken as appropriate.

The Board reviews the effectiveness of internal controls on an on-going basis. The key features of the internal control system include:

ORGANISATIONAL STRUCTURE

The structure of the Group is designed to minimise as far as possible the complexity of the reporting arrangements commensurate with the commercial demands made on the Group. The structure focuses on the core businesses of the Group, with an executive director and Exco member having direct line management responsibility for one or more of these activities. Certain of the Group's key functions, including taxation, secretarial, legal, internal audit, IT, treasury and insurance are undertaken centrally.

FINANCIAL REPORTING

The Group operates a comprehensive financial reporting and evaluation system with the performance of each operating business unit monitored against budget and prior period performance through regular reviews with management. This monitoring allows effective and prompt action to be taken as the need arises.

INTERNAL AUDIT

The Group Internal Audit Department is an independent appraisal function, the primary mandate of which is to examine and evaluate the appropriateness and effectiveness of the internal control systems applicable to the operational activities of the business units of the Group. Where necessary the skills of the Internal Audit team are supplemented using outside experts in particular fields.

The purpose, authority and responsibility of the Internal Audit function are formally defined in an Internal Audit charter that has been approved by the Board and is consistent with the requirements of King IV. The Group Audit Committee reviews the scope and coverage of the Internal Audit function annually and approves the work plan.

The Group Audit and Risk Manager currently has responsibility for the management of Internal Audit and reports directly to the Group Audit Committee in this regard. The Group Audit and Risk Manager attends all Group Audit Committee meetings and reports at these meetings on progress made in terms of Internal Audit plans, as well as on key findings and trends identified. He has unrestricted access to the Group Audit Committee Chairman.

The Internal Audit plan, which is of a rolling three-year nature, is based on the assessed strategic and operational risks of each operational business unit and support function. As risk is continually re-assessed, significant changes in profile, together with issues highlighted by the Group Audit Committee and senior management are also addressed in the Internal Audit work. In addition to the planned audits, the Internal Audit Department carries out Financial Health checks at all operations at least bi-annually.

The Internal Audit team also carries out special investigations and assists with due diligence reviews on potential acquisitions.

EXTERNAL AUDIT

The External Auditor expresses an independent opinion on the AFS. The External Auditor is appointed by the Board on the recommendation of the Group Audit Committee and the appointment is ratified by shareholders in accordance with the provisions of section 90(1A)(B) of the Companies Act. The External Auditor's performance and independence is regularly monitored by the Group Audit Committee. During the year the External Auditor provided certain non-audit services including legal reviews. The extent of the non-audit work performed is not significant and is not deemed to impact on the External Auditor's independence.

BUSINESS CONTINUITY AND TECHNOLOGY RECOVERY

A process has been put in place to allow critical business processes to continue operating at an alternate business location in the event of a large-scale incident disrupting business activity. Testing of this business recovery capability occurs on a cyclical basis.

IT STEERING COMMITTEE

The Group's IT Steering Committee is chaired by the Group CFO. The remaining members are Executive Director SGT and SGA, the Group Company Secretary and the CIO. The IT Steering Committee oversees the following:

- IT Strategy
- IT Standards
- IT Budget
- IT Projects

Accountability (continued)

In addition, the CIO is a member of Exco and the Operating Business Executive Committees. This ensures that the IT requirements of the business are in line with the Group's IT strategy and plan. The CIO attends the Group Risk Committee meetings and reports on IT controls and other pertinent issues to this committee.

PROTECTION OF PERSONAL INFORMATION (POPI)

The Group has formed a Steering Committee to monitor the Group's compliance with the POPI Act. The Committee is chaired by the Group CFO and is focussing on the use, retention and security of personal information as defined by the POPI Act. Bruce van Niekerk has been appointed as the Group's Information Officer.

FRAUD HOTLINE

Good corporate governance requires companies to implement mechanisms to combat theft, fraud and other unethical practices. Amongst other initiatives, the fraud hotline acts as a tool in the combating of unethical behaviour.

The Group's fraud hotline is managed as an independent reporting mechanism in partnership with an experienced external service provider. Whistle-blowers can register tip-offs anonymously via telephone, fax, email or the service provider's website. The tip-offs are relayed to the Group Audit and Risk Manager for investigation and disposition.

The hotline enforces the Group's approach of zero tolerance to crime, corruption and unethical behaviour. From time to time, internal communication campaigns are undertaken to stimulate awareness of the hotline and to communicate a reporter's anonymity. A few tip-offs were received during the year. Following investigation by the Head of Internal Audit, no significant issues were found.

Employment equity, ethics, corporate citizenship, health, safety and third-party management

EMPLOYMENT EQUITY

The directors believe that economically viable and self-sustaining employment equity is an essential and integral part of corporate governance within all Group businesses. Accordingly, the Board has approved a Group employment equity policy. In compliance with the Group policy, management of the various business units has initiated a variety of employment equity programmes. Super Group Holdings has obtained a B-BBEE Level 1 Contributor status.

CODE OF ETHICS AND BUSINESS CONDUCT

Super Group is committed to high standards of honesty, integrity, behaviour and ethics in dealing with all stakeholders. All directors and employees of the Group are encouraged to subscribe to the Super Group Code of Ethics and Business Conduct, which requires them to maintain high personal ethical standards and to act in good faith and in the best interests of the Group. The code also addresses conflicts of interest, particularly relating to directors and management. This ensures that the Group's business practices are conducted in an equitable manner. Employees are surveyed annually to ensure they are both aware of and understand the Group's Code of Ethics and Business Conduct.

No director or employee of the Group may deal, either directly or indirectly, in the company's shares whilst having knowledge of unpublished price-sensitive information regarding its business or affairs. No director or officer of the Group may trade in the company's shares during the closed embargo periods determined by the Board in terms of a formal policy implemented by the Group Company Secretary. Any trading in shares by directors of Super Group and the Group Company Secretary, as well as the directors of major subsidiary companies of Super Group, must be approved in writing by the Chairman of the company or the Group Company Secretary, prior to any such trade taking place.

Periods of embargo are from the end of a reporting period to the announcement of financial results and from the date of a cautionary announcement until a terms announcement. A register of directors and officers is available for inspection at the company's registered office in Sandton, South Africa.

CORPORATE CITIZENSHIP

The Super Group's Sustainability Report on the website contains all the information pertaining to the Group's involvement in the communities it operates in. The Group Social and Ethics Committee approves the agreed strategy and monitors the implementation plan to demonstrate the Group's commitment to being a good corporate citizen. The strategy and plan include the Group's impact on the environment and its ongoing corporate social investment.

OCCUPATIONAL HEALTH AND SAFETY

The directors acknowledge their statutory and moral responsibility to employees and the public to comply with occupational health and safety standards. The Board is responsible for ensuring the adequacy and effectiveness of the application of the overall health, safety and environmental policies of the Group. The Group Health and Safety Manager, who reports to the Group CFO, is tasked with, inter alia, conducting compliance audits across all operating sites controlled by the Group, and reports thereon to the relevant levels of management who are obliged to undertake any required remedial actions within agreed time frames. The Group Health and Safety Manager shares best practice and other information with managers tasked with implementing compliance with the Occupational Health and Safety Act. The Group CFO tables a report on the outcome of the Occupational Health and Safety compliance audits at the Group Risk Committee.

THIRD-PARTY MANAGEMENT

No part of the Group's business was managed during the 2018 financial year by any third party in which any director had an interest.

Stakeholder engagement

Super Group is committed to open, constructive and transparent communication with stakeholders. The Group constantly communicates with stakeholders and strives to engage in a practical, constructive and transparent manner. Key stakeholders were identified by the Group Social and Ethics Committee, which is chaired by David Rose, an independent non-executive director.

Super Group has identified the following stakeholder groups and the communication channels used to interact with these stakeholder groups are:

Stakeholder group	Importance of stakeholder	Communication channels
Employees	Engagement with employees is critical to the success of the Group.	<p>The Group engages employees through the following media:</p> <ul style="list-style-type: none"> • Communication from the CEO • In-house publications • One-on-one meetings • Team meetings • Safety and environmental meetings • Conferences • Employee achievement and service awards • Intranet • Fraud hotline (Be Heard) • Functions
Shareholders, investors and media	Shareholders and potential investors are essential to the survival of the Group as providers of financial capital as well as determining the true value of the share price. The media are important as the publishers of articles and information about the Group.	<p>The Group engages with these stakeholders as follows:</p> <ul style="list-style-type: none"> • Twice yearly results presentations and road shows • SENS announcements • Press releases • One-on-one meetings with larger shareholders on a regular basis within the constraints of equal information for all shareholders and according to the JSE Listings Requirements • Meetings with potential investors • Interviews with journalists, both financial and trade • Site visits
JSE and Strate	The JSE and Strate are important stakeholders as the Group's securities are listed on the Main Board of the JSE.	<p>The Group engages with the JSE and Strate as follows:</p> <ul style="list-style-type: none"> • Participating in JSE and Strate feedback and information sessions • Submitting comments on JSE draft regulations and rules • Submission of documents, etc. for comment and approval in terms of the JSE Listings Requirements • Participation in Issuer Committees at both the JSE and Strate
Financial institutions	The financial institutions are important stakeholders as they are custodians of the Group's funds and provide funding for the acquisition of assets and/or investments.	<p>The Group engages with them as follows:</p> <ul style="list-style-type: none"> • Regular meetings attended by the Treasury Manager and Group CFO • Bank representatives invited to attend the bi-annual results presentations • Submission of information to the SA Reserve Bank.

Stakeholder group	Importance of stakeholder	Communication channels
Customers and clients	Customers and clients are important stakeholders for the success of the Group. The Group has customers and clients who range from large corporations and Government departments to individual consumers.	The Group engages with these stakeholders on various levels including the following: <ul style="list-style-type: none"> • Regular one-on-one meetings at the customer's site • Customer service meetings • Customer feedback surveys conducted by the Group's operations or third parties • Processes to respond to complaints that meet the requirements of the Consumer Protection Act • Appropriate customer entertainment and functions
Suppliers	Suppliers are important stakeholders as they are the providers of services, equipment and facilities that the Group requires to service its customers.	Group engagement with these stakeholders vary and include elements of the following: <ul style="list-style-type: none"> • Attendance at Dealer conferences • Attendance at product launches • Regular one-on-one meetings with key suppliers • Attendance at technical conferences held by suppliers, where appropriate
National, Provincial and Local Governments	All levels of Government are important stakeholders as they set the regulatory environment within which the Group operates, provide infrastructure and collect taxes.	Group engagement with these stakeholders vary and include elements of the following: <ul style="list-style-type: none"> • Regular engagement with the Department of Labour • The Group's Tax Department liaises and meets with South African Revenue Service in respect of taxation issues and compliance. • Regular engagement with the Australian Tax Office and Department of Labour
Industry associations	Industry associations are important stakeholders as they provide a forum to discuss and address industry wide issues and enable the industry to make representations to Government.	Group engagement with these associations is mainly through active membership
Trade unions	Trade unions are important stakeholders in that they represent a large percentage of the workers employed by the Group. The key Trade Unions are NUMSA, MISA and SATAWU.	Engagement with these stakeholders includes: <ul style="list-style-type: none"> • One-on-one meetings when required • Participation in the bargaining unit in respect of wage negotiations
The community	The community is a key stakeholder seeing that both the Group and the employees are directly impacted by the communities in which the Group operates and employees live in.	The Group's engagement with the communities includes contributions towards initiatives in respect of fund raising, donations and services within various communities.

The Group's focus remains on ensuring that engagement with stakeholders is a high priority and that changes in stakeholders' interests are acted upon.

Insurance

The Group has a comprehensive insurance programme to protect against a wide variety of insurable risks. The terms and levels of each facility are reviewed annually to ensure that satisfactory cover is in place.

The Group uses specialist insurance financial intermediaries, where necessary, to consider known insurable risks and recommend any risk mitigation activities that the Group could undertake. The financial intermediaries also assess whether risks are insurable, insured or not insured and whether the Group has adequate insurance in place to cover estimated potential losses. Areas where the Group is not insured or under-insured are investigated and addressed as appropriate. An important element of the insurance programme is certain retained (i.e. self-insured) risk, which is carefully monitored.

Efforts are made to identify, prevent and mitigate uninsurable risks.

Annual General Meeting

All necessary information and facilities are made available to shareholders to enable them to attend the AGM, submit Forms of Proxy and receive announcements and circulars in accordance with the JSE Listings Requirements. The Chairman of the company, the Chairman of the Group Audit Committee and the External Auditor will be available to answer questions at the AGM.

King IV Application Register

Principle	Application
1. The governing body should lead ethically and effectively.	The directors hold one another accountable for decision-making based on integrity, competence, responsibility, fairness and transparency through their commitment to lead the Group consistent with the Group's values. The Chairman of the company oversees this process on an ongoing basis.
2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	<p>The Board, assisted by the Group Social and Ethics Committee, oversees the governance of ethics in the Group, which is detailed in the Code of Ethics and Business Conduct that was approved by the Board.</p> <p>The Code of Ethics and Business Conduct guides the interaction between employees, clients, stakeholders, suppliers and the communities within which it operates.</p> <p>The Group's management is responsible for the implementation of the Code of Ethics and Business Conduct and will report any material breaches to the Group Social and Ethics Committee. Employees are required to confirm their knowledge and understanding of the Code on an annual basis.</p>
3. The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	<p>The Board, assisted by the Group Social and Ethics Committee, oversees the governance and activities relating to demonstrating that the Group is a good corporate citizen, including compliance with the Constitution, laws, standards and own policies and procedures, as well as consistency with the Group's purpose, strategy, and Code of Conduct and Ethics.</p> <p>The Group Social and Ethics Committee approves the agreed strategy and monitors the implementation plan to demonstrate the Group's commitment to being a good corporate citizen. The strategy and plan include the Group's impact on the environment and its ongoing corporate social investment.</p>
4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	<ul style="list-style-type: none"> • The Group has a clearly set out strategy with the associated risks. The Board regularly has a meeting with key management to review the strategy and any proposed changes. • The Board has delegated to management the detailed formulation and implementation of the approved strategy and the realisation of the expected returns. • The Board has approved key performance measures and targets for management. • The Board oversees the implementation of the strategy and plans carried out by management against the agreed performance measures and targets. The Deal Committee will approve any acquisitions, investments or disposals that are material in terms of the delegation of authorities to management. • The Group Audit and Group Risk Committees assist with the governance of risks. They monitor the effects of the identified risks and the mitigating controls. • The responsibility for risk management is detailed in the Group Audit and Group Risk Committees' charters. • The Group is aware of the general viability, reliance and effect of its activities on its capitals, solvency and liquidity and its going concern status.
5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short- medium- and long-term prospects.	<ul style="list-style-type: none"> • The Board, assisted by its committees, will oversee that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of the stakeholders. • The Board, assisted by the Group Audit Committee, will ensure that an Integrated Report issued is in line with the Companies Act and the JSE Listings Requirements. • The Group Audit Committee will approve the basis for determining materiality for the purposes of inclusion in reports. • The Board, assisted by the Group Audit and Group Risk Committees, will ensure the integrity of external reports. • The Board will delegate to management the uploading of the King IV disclosure requirements, Integrated Report, Financial Statements and other external reports, on its website.

Principle	Application
6. The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	The Board serves as the focal point and custodian of corporate governance. Its role and responsibilities and the way it executes its duties and decision-making are set out in the Board charter and the charters of the Group Audit, Group Risk, Deal, Remuneration and Group Social and Ethics Committees.
7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	<p data-bbox="593 535 938 566"><i>Composition of the governing body</i></p> <ul data-bbox="593 568 1404 801" style="list-style-type: none"> <li data-bbox="593 568 1404 674">• The Board is satisfied that the current composition of the Board has been made taking into account the size of the Group, the optimal mix of knowledge, skills, experience, independence, the requirement in numbers for its committees, quorum requirements and regulatory requirements. <li data-bbox="593 676 1082 707">• The CEO and CFO are members of the Board. <li data-bbox="593 710 1404 763">• The Board has set diversity targets that it will seek to achieve as vacancies occur on the Board. <li data-bbox="593 766 1193 797">• A majority of Board members are non-executive directors. <p data-bbox="593 799 1305 831"><i>Nomination, election and appointment of members to the governing body.</i></p> <ul data-bbox="593 833 1404 913" style="list-style-type: none"> <li data-bbox="593 833 1404 913">• The Board sits as a Nomination Committee when the need to fill vacancies on the Board arises. The Board charter includes a formal and transparent process for the nomination, election and appointment of directors to the Board. <p data-bbox="593 916 866 947"><i>Independence and conflicts</i></p> <ul data-bbox="593 949 1404 1030" style="list-style-type: none"> <li data-bbox="593 949 1358 981">• Declarations of interests are tabled at every Board and committee meeting. <li data-bbox="593 983 1404 1030">• The Board members formally update the register of directors' interests twice a year or when a change is required. <p data-bbox="593 1032 866 1064"><i>Chair of the governing body</i></p> <ul data-bbox="593 1066 1404 1258" style="list-style-type: none"> <li data-bbox="593 1066 1331 1097">• The Chairman of the company is an independent non-executive director. <li data-bbox="593 1099 1404 1153">• The role and responsibilities of the Chairman of the company is documented in the Duties of the Chairman of the company. <li data-bbox="593 1155 1390 1187">• The Chairman of the company is not a member of the Group Audit Committee. <li data-bbox="593 1189 1404 1258">• The Chairman of the company is a member of but not the Chair of the Deal and Remuneration Committees.

King IV Application Register (continued)

Principle	Application
8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	<ul style="list-style-type: none"> The Board determines delegation to individual members, groups of members, standing or ad-hoc committees. The composition of the Board and its committees are in line with King IV. There is a clear balance of power to ensure that no individual has undue decision-making powers. Each committee has a formal charter, approved by the Board, recording the responsibilities delegated to it. Each committee has a minimum of three members and sufficient capability and capacity to function effectively. Any member of the Board is entitled to attend any committee meeting as an observer and may allow management to attend by standing or ad-hoc invitation. <p><i>Group Audit Committee</i></p> <ul style="list-style-type: none"> The Group Audit Committee provides independent oversight of the assurance functions and on the integrity of the AFS and other external reports. The Group Audit Committee oversees risks that may affect the integrity of external reports. The Group Audit Committee is satisfied that it has the necessary financial literacy, skills and experience, and that all members are independent non-executive members. The Chairman is an independent non-executive director and is Chairman of the Group Risk Committee. <p><i>Group Risk Committee</i></p> <ul style="list-style-type: none"> The Group Risk Committee provides independent review and oversight of the risks of all business units. The Group Risk Committee provides independent review and oversight of the Group's Occupational Health and Safety compliance. The Group Risk Committee provides independent review and oversight of the IT function and the IT risks. The Group Risk Committee provides independent review and oversight of the Protection of Personal Information compliance. The Group Risk Committee monitors all potential and legal actions that the Group is involved in. The Group Risk Committee is satisfied that it has the necessary skills and experience. Two members are independent non-executive members and two members are executive members. <p><i>Remuneration Committee</i></p> <ul style="list-style-type: none"> The Remuneration Committee has oversight of remuneration governance and implementation. <p><i>Group Social and Ethics Committee</i></p> <ul style="list-style-type: none"> The Group Social and Ethics Committee has been established to carry out its statutory duties. The Chair of the Group Social and Ethics Committee is a non-executive director of the Board. The other members of the committee comprise the two executive directors of the Board. The Board has considered the recommendation of King IV that the majority of directors on the Group Social and Ethics Committee should be non-executive. The Board has decided not to follow this recommendation as the functions of the Group Social and Ethics Committee overlap with the Group Risk and Remuneration Committees, as well those of the Board itself. In addition, the non-executive Chairman of the Group Social and Ethics Committee reports back to the Board in respect of the activities of the committee. <p><i>Deal Committee</i></p> <ul style="list-style-type: none"> The Deal Committee considers acquisitions and disposals of businesses and material asset purchases and disposals that are not approved within the annual budget. The Chairman of the Deal Committee is a non-executive director of the Board. The other members of the committee comprise one non-executive director and two executive directors of the Board.

Principle	Application
9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The Board will conduct a formal evaluation process of the Board, the Chairman of the company, its committees and individual directors at least every two years with a less formal process put in place in the intervening years.
10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	<ul style="list-style-type: none"> • The Board has appointed a CEO, who is responsible for leading strategy implementation and will regularly report to the Board on the progress thereof. • The Board has approved and implemented a Delegation of Authority matrix, which details the powers and matters reserved for itself and those to be delegated to management via the CEO. • The Board ensures that key management functions are led by a competent and appropriately authorised individual and are adequately resourced.
11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	<ul style="list-style-type: none"> • The Board, with the assistance of the Group Audit and Group Risk Committees, is cognisant of the importance of risk management as it is linked to the strategy, performance and sustainability of the Group. The Group Audit and Group Risk Committees have delegated to management the implementation of processes to ensure that the risks to the sustainability of the business are identified and managed within acceptable parameters. • The Group Audit and Group Risk Committees delegate to management to continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are in place to address these risks, which are monitored on a continuous basis. • Two non-executive director members of the Group Audit and Group Risk Committees sit on both committees, ensuring that there is coordination in respect of the evaluation and reporting of risks.
12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The Board, together with the Group Audit and Group Risk Committees, oversees the governance of IT. The Board is aware of the importance of technology and information in relation to the achievement of the Group's strategy.
13. The governing body should govern compliance with applicable laws and adopts, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	<ul style="list-style-type: none"> • The Board, with the assistance of the Group Audit and Group Risk Committees, ensures that the Group complies with applicable laws, adopts non-binding rules, codes and standards. • The Group has identified all of the laws, codes and standards that impact its operations. • The Board has delegated the responsibility for implementing compliance to management.
14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in short- medium- and long term.	<ul style="list-style-type: none"> • The Board, assisted by the Remuneration Committee, ensures that executives and general staff are remunerated fairly and responsibly with a view to promoting the creation of value in a sustainable manner. • The Group's remuneration policy is reviewed by the Remuneration Committee and approved by the Board. The policy is designed to attract and retain human capital, promote the achievement of strategic objectives, positive outcomes, an ethical culture and responsible corporate citizenship. • The Remuneration Committee oversees the implementation of the policy to ensure achievement of the policy objectives.

King IV Application Register (continued)

Principle	Application
15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	<p>The Board, assisted by the Group Audit and Group Risk Committees, ensures that there is internal or external assurance to review and report on:</p> <ul style="list-style-type: none"> • the internal control environment; • integrity of information for management decision making; and • external reporting. <p>The committees and the Board receive regular reports from the External Audit Partner, the Head of Internal Audit, the Group Legal Manager and the Group Company Secretary in respect of the issues as set out above.</p>
16. In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	<ul style="list-style-type: none"> • The Board, together with management, has identified all of the key stakeholders. • The CEO has been delegated to achieve effective stakeholder relationships with material stakeholders and to balance their legitimate and reasonable needs, interests and expectations with that of the Group. • Management proactively encourages engagement with shareholders. • The Group ensures equal treatment of all shareholders and that minority interests are protected.
17. The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	Not applicable, the Group is not an institutional investor.



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