

<b>Principle 1 Leadership principle</b>	<b>The governing body should lead ethically and effectively</b>	
	<ul style="list-style-type: none"> <li>* Cultivate and exhibit, collectively and individually, characteristics of integrity, competence, responsibility, accountability, fairness, and transparency</li> <li>* Offer leadership that results in the achievement of strategy and outcomes over time</li> <li>* Disclose how they are being held to account for their leadership</li> </ul>	<p>Dis-Chem's Board of Directors is committed to the corporate governance principles determined by the King IV principles. The Board Charter commits the Board to effective and ethical leadership. In addition to fulfilling their statutory and fiduciary duties, all members of the Board are expected to display the characteristics of integrity, competence, responsibility, accountability, fairness, and transparency. The Chair of the Board must monitor board members' behaviour in this respect. Directors recuse themselves from discussions or decisions on matters in which they have a conflict of interest and inform the Board of any potential conflicts at the commencement of all Board or committee meetings. The performance of the Board and the various sub-committees are assessed annually by the respective director participants, where in all cases, the performance was assessed as adequate. The Board is committed to driving the strategy based on an ethical foundation to support a sustainable business. The Board acts in the company's best interests, considering its stakeholders, the environment and society, assessing risks and overseeing and monitoring the implementation and execution of strategy by management, ensuring accountability for the company's performance.</p>
<b>Principle 2 Organisational ethics principle</b>	<b>Govern the ethics of the organisation in a way that supports the establishment of an ethical culture</b>	
	<ul style="list-style-type: none"> <li>* Set the direction for ethics in the organisation</li> <li>* Approve codes of conduct and ethics policies as well as ensure that they include all stakeholders and critical ethical risks</li> <li>* Ensure that there are ways for stakeholders to be made familiar with the codes of conduct and ethics policies</li> <li>* Delegate implementation of codes of conduct and ethics policies to management and provide ongoing oversight of this management, including results in such matters as recruitment, employee remuneration, supplier selection, breach management, whistle-blowing and independent assessments</li> <li>* Disclose how ethics are being managed, focus areas, monitoring measures and how ethical outcomes are addressed</li> </ul>	<p>Dis-Chem has a code of ethics that applies to all employees, including the Board of directors. The code is based on unity, integrity, commitment, and accountability. The code of good ethical conduct guides interactions with all stakeholders of the Group, including employees, and addresses the critical ethical risks of the company. The ethics programme, including the whistle-blowing mechanisms and the dedicated effort to create awareness, detect and resolve ethical violations and provide training on anti-corruption behaviours, all contribute to a strong ethical foundation. The Board, through the Social and Ethics Committee, is responsible for the governance of ethics and the committee is tasked with ensuring that the Group's ethics are managed effectively. The Board, assisted by its committees, is committed to maintaining an ethical culture of transformation within the Group, considering race and gender diversity; fair, responsible, and transparent remuneration; and the continued development and training of its employees while recognising the transformative role that Dis-Chem can play, to the benefit of all stakeholders, in the development of the communities within which it operates.</p>
<b>Principle 3 Responsible</b>	<b>Ensure that the organisation is and is seen to be a responsible corporate citizen</b>	

<p><b>corporate citizenship</b></p>		
	<ul style="list-style-type: none"> <li>* Set the direction for good corporate citizenship, including compliance with the Constitution, laws, standards and own policies and procedures, as well as unity with the organisation's purpose, strategy, and conduct</li> <li>* Oversee and monitor (using agreed performance indicators and targets) the organisation's status as a good corporate citizen in such areas as the workplace, economic behaviours and results, societal and environmental impacts</li> <li>* Disclose how corporate citizenship is managed, current and future focus areas, monitoring measures and how corporate citizenship outcomes are addressed</li> </ul>	<p>Compliance with the country's laws throughout the Group, including the Constitution of South Africa and the Bill of Rights, is non-negotiable. The core purpose and values of the Group and its strategy and conduct are congruent with it being a responsible corporate citizen. The Board delegates accountability for monitoring overall corporate citizenship performance to the Social and Ethics Committee. The committee's mandate includes oversight of human rights, safety, developing and retaining a skilled and diverse workforce, and responding to the changing regulatory context. Oversight and monitoring of Dis-Chem's approach to responsibly conducting its operations are performed in the areas of the workplace, economy, society, and the environment. Management will determine appropriate measures in these areas, subject to compliance with overarching Group strategies and policies.</p>
<p><b>Principle 4 Strategy and Performance</b></p>	<p><b>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</b></p>	
	<ul style="list-style-type: none"> <li>* Steer and set the direction, purpose, and strategy of the organisation</li> <li>* Delegate to management the formulation and, after that, approval of strategy with due reference to timelines, risks and opportunities, resources and relationships, legitimate expectations of stakeholders, changes in the six capitals and the inter-connectedness and interdependencies of all these factors</li> <li>* Approve management policies and operational plans, including key performance measures and targets</li> <li>* Delegate the implementation of policy and plans to management</li> </ul>	<p>The Board delegates to management the detailed formulation and implementation of Dis-Chem's strategy, which the Board approves and oversees. Strategic priorities are set, reviewed, and revised as necessary in line with opportunities, attendant risks and uncertainties relating to cyclical and structural trends in the Food and Drug retail sector. The Board assesses both the positive and negative outcomes of the Group's business model, monitors performance against financial and non-financial measures and assesses investments to ensure they are value accretive and meet the reasonable expectations of stakeholders over time. The Board has a particular focus on the general viability of the business and its status as a going concern. For this reason, the solvency and liquidity of Dis-Chem are monitored continuously. Major areas of focus during the previous, current, and future periods pertain to improvement in the efficiencies of the Group, with cost-base control being a key prerequisite to value creation and sustainability.</p>

	<ul style="list-style-type: none"> <li>* Oversee implementation of the strategy and plans by management against the agreed performance measures and targets</li> <li>* Oversee that there is ongoing assessment and response to any negative consequences for the economy, society and environment by the company using its six capitals</li> <li>* Be alert to the organisation's general viability, reliance and effect on its capitals, solvency and liquidity and its going concern status</li> </ul>	
<p><b>Principle 5 Reporting</b></p>	<p><b>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.</b></p>	
	<ul style="list-style-type: none"> <li>* Set the direction, approach, and conduct for the organisation's reporting</li> <li>* Approve the reporting frameworks to be used</li> <li>* Oversee that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of material stakeholders</li> <li>* Ensure that an annual integrated report is issued (either as a stand-alone report or as part of another report)</li> <li>* Approve the bases for determining materiality to include in reports</li> <li>* Ensure the integrity of external reports</li> <li>* Oversee publication and access by stakeholders of the King Code™ disclosure requirements, integrated reports, financial statements and other external reports on its website or other appropriate platforms/media</li> </ul>	<p>The Group's integrated report and annexures are prepared according to the applicable reporting frameworks, including the International Integrated Reporting Framework and Global Reporting Initiative (GRI) Standards. The report explains how Dis-Chem creates sustainable, measurable value for the Group and its stakeholders through its business model, governance and risk management processes, management systems and strategy. The Board reviews and approves the material matters, which form the basis for preparing the integrated report. This ensures that the report includes sufficient forward-looking information that reflects the key considerations of the Board and management. The Board, through the Audit and Risk committees, ensures the necessary controls are in place to verify the integrity of the integrated report and other disclosures</p>
<p><b>Principle 6 Primary roles and</b></p>	<p><b>The governing body should serve as the focal point and custodian of corporate</b></p>	

<b>responsibilities of the governing body</b>	<b>governance in the organisation</b>	
	<ul style="list-style-type: none"> <li>* Exercise its leadership role; have a charter; approve a protocol for it, its committees, and members to get professional advice; approve a protocol for non-executive members to get documentation and meetings with management</li> <li>* Disclose the number of its meetings and attendance thereof, whether it is satisfied that it has discharged its responsibilities concerning its charter</li> </ul>	<p>The Board fully appreciates that it is first and foremost accountable for applying corporate governance principles and practices in the Group. It furthermore understands that its key functions are to set the strategic direction of the Group, to approve appropriate policies and plans to give effect to the approved strategy, to delegate the implementation of the preceding to management and adequately monitor management's performance and to ensure accountability through reporting and the principle of transparency. The role and functions of the Board are set out in the board charter and incorporated into the Board's annual work plan. The Board is satisfied that it has fulfilled its responsibilities following its charter for the reporting period.</p>
<b>Principle 7 Composition of the governing body</b>	<b>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</b>	
	<ul style="list-style-type: none"> <li>* Composition of the governing body</li> <li>* Nomination, Election and Appointment of members to the governing body</li> <li>* Independence and conflicts</li> <li>* Chair of the governing body</li> </ul>	<p>The composition of the Board is appropriate for the nature, complexity, and strategic demands of the Group and provides the requisite mix of knowledge, skills, experience, independence, and diversity. Declarations of interests are tabled at every Board meeting. Annual self-assessments of Board effectiveness evaluate the knowledge and skills of members, which are then developed, or new appointments made to address gaps. Subject matter experts are available for matters requiring specialised guidance. A specific policy governs Board appointments and ensures a formal and transparent appointment process focusing on gender and diversity. The nominations committee continues to play an active role in assessing the board composition and identifying appropriate candidates for appointment to the Board as and when required. Formal succession planning, director training and induction programmes are in place. The Board succession planning includes interim measures in the event of an unforeseen loss of expertise.</p>
<b>Principle 8 Committees of the governing body</b>	<b>The governing body should ensure that its arrangements for delegation within its structures promote independent judgement and assist with the balance of power and the effective discharge of its duties</b>	
	<ul style="list-style-type: none"> <li>* General</li> <li>* Audit Committee</li> <li>* Committee responsible for nominations of members of the governing body</li> <li>* Committee responsible for risk governance</li> </ul>	<p>The Board determines the delegation of authority to individual members, groups of members, and standing or ad-hoc committees according to a defined framework. Specific aspects of governance are addressed in greater depth through Board committees. Operating committees support these committees convened to address specific business imperatives. Each committee has formal terms of reference, approved by the Board, which specify its responsibilities. The composition of the committees and the distribution of authority</p>

	<ul style="list-style-type: none"> <li>* Committee responsible for remuneration</li> <li>* Social and ethics committee</li> </ul>	<p>between the Chair and other directors is balanced and eliminates instances where individuals dominate decision-making, or undue dependency is created. The following board committees are in existence:</p> <ul style="list-style-type: none"> <li>- Audit and risk committee</li> <li>- Nominations and remuneration committee</li> <li>- Social and ethics committee</li> </ul>
<b>Principle 9 Evaluation of the performance of the governing body</b>	<b>The governing body should ensure that the evaluation of its performance and that of its committees, its Chair, and its members support continued improvement in its performance and effectiveness</b>	
	<ul style="list-style-type: none"> <li>* Assume responsibility for performance evaluations of itself, its committees, its Chair, and individual members</li> <li>* Appoint a lead independent director if there is not one to lead the evaluation of the Chair</li> <li>* Ensure that every two years, an externally facilitated performance evaluation (or one not per the approved methodology of the governing body) is conducted on itself, its committees, its Chair, and individual members; and every alternate year, reflect on the performance of itself, its committee, its Chair, and its members as a whole</li> <li>* Disclose a description of the performance evaluations, scope, formality, whether externally facilitated, an overview of results and remedial actions, whether it is satisfied that it is improving its performance and effectiveness</li> </ul>	<p>The Board, with the assistance of the Nomination Committee, is responsible for evaluating its performance and that of its committees, its Chair, and the individual directors. An informal self-evaluation of the Board and committees' performance during the financial year that ended on 28 February 2023 was performed. The outcome was satisfactory, with no significant issues. Recommendations will be reviewed and incorporated into the annual work plans of the Board and committees. Continual training and development are encouraged, as well as performance and effectiveness in line with the strategy of the Group. The Board believe that the evaluation process was effective in assessing and improving the performance of the Board.</p>
<b>Principle 10 Appointment and delegation to management</b>	<b>The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities</b>	
	<ul style="list-style-type: none"> <li>* CEO appointment and role</li> <li>* Delegation</li> <li>* Professional corporate governance services to the governing body</li> </ul>	<p>The delegation of authority framework details the powers and matters reserved for the Board and the responsibilities delegated to management via the Chief Executive Officer. The Board ensures that key management functions are led by competent and appropriately authorised individuals, supported by adequately resourced functions. Succession planning is in place for the CEO. In addition, many of the</p>

		<p>CEO's functions are mirrored by both executive directors. The Board has duly appointed the Group Company Secretary following the Companies Act. The Group Company Secretary is accountable to the Board, and all directors can access her professional corporate governance advice and services. She has unfettered access to the Supervisory Board but, at the same time, maintains an arm's length relationship with it and is not a director of the company. The Company Secretary is independent and functionally reports to the Board on company secretarial matters. The Group Company Secretary's duties include but are not limited to those listed in section 88 of the Companies Act.</p>
<p><b>Principle 11 Risk governance</b></p>	<p><b>The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</b></p>	
	<ul style="list-style-type: none"> <li>* Set the approach for risk governance, including opportunities and risks when developing strategy and the potential positive and negative effects of the same risk on the achievement of objectives</li> <li>* Treat risk as an integral part of decision-making and adherence to duties, approve risk policy, evaluate, and agree on the risks it is prepared to take (i.e., risk appetite and risk tolerance levels)</li> <li>* Delegate to management risk management implementation</li> <li>* Oversee the risk management (including assessment of risks and opportunities relating to the triple context and use of 6 capitals, achievement of objectives, dependency on resources as well as the risk responses, business continuity and culture of the organisation)</li> <li>* Consider receiving periodic, independent assurance on the effectiveness of risk management</li> <li>* Disclose the nature and extent of risks and opportunities; overview of the risk management system; areas of focus; key risks, unexpected risks, risks taken outside tolerance levels; and</li> </ul>	<p>The Board has direct responsibility for the governance of risk and approves the risk policy that affects its direction on risk appetite. The policy affirms that effective risk management aims to protect and grow sustainable value for all stakeholders by embedding risk management into strategic decision-making. The Audit and Risk committees assist the Board with the governance of risk. The committees oversee the implementation of clearly defined processes to identify and manage risks to the sustainability of the business. This entails delegating responsibility to management to continuously identify, assess, mitigate, and manage risks in pursuing strategic opportunities within clearly defined parameters. A comprehensive risk management process is in place for identifying, evaluating, and monitoring the nature and extent of risks affecting the business. Risk is assessed continuously in a "bottom-up and top-down" approach. Internal audit assists management in evaluating the process for managing key operational, financial and compliance risks while the dedicated internal risk officer monitors and reviews the Group risk register continuously and submits a risk report at each meeting of the audit and risk committee.</p>

	actions to monitor and address risk management	
<b>Principle 12 Technology and information governance</b>	<b>The governing body should govern technology and information in a way that supports the organisation's setting and achieving its strategic objectives</b>	
	<ul style="list-style-type: none"> <li>* Set the approach and approve the policy for technology and information governance (including the adoption of appropriate frameworks and standards)</li> <li>* Delegate to management effective technology and information implementation</li> <li>* Oversee results of managements implementation (including integration, business resilience, monitoring for responsiveness to cyber security and social media risks, third-party and outsourced service provider risks, value delivered from technology investments and projects, disposal of obsolete technology and information, ethical and responsible use, and compliance with laws)</li> <li>* Oversee management of information (including use, information architecture, protection of privacy and security)</li> <li>* Oversee management of technology (including technology architecture, sourcing risks, developments, and disruptions)</li> <li>* Consider receiving periodic, independent assurance on the effectiveness of the technology and information, including outsourcing</li> <li>* Disclose overview of governance and management; areas of current and future focus; significant changes, acquisitions, incident management; monitoring and response to that</li> </ul>	<p>The Board, together with the Audit and Risk committees, oversee the governance of IT. The Audit and Risk Committee oversees the implementation of IT governance mechanisms, IT frameworks, policies, procedures, and standards to ensure the effectiveness and efficiency of Dis-Chem's information systems. The Board has delegated the responsibility to implement and execute effective technology and information processes to management. The Board is cognisant of the importance of IT as it is interrelated to the strategy, performance, and sustainability of the Group. Dis-Chem is equipped to deal with potential information, technology, and business disasters. Management is required to implement systems that would adequately ensure business resilience. The Group ensures that measures are in place to comply with all relevant IT laws and related rules, codes, and standards. The IT framework is aligned with Dis-Chem's business needs and sustainability objectives. Information security policies are implemented within the Group to support confidentiality, integrity and availability of information and monitor security information.</p>
<b>Principle 13 Compliance governance</b>	<b>The governing body should govern compliance with applicable laws and adopted,</b>	



	<p><b>non-binding rules, codes, and standards in a way that supports the organisation being ethical and a good corporate citizen</b></p>	
	<ul style="list-style-type: none"> <li>* Direct the governance of compliance to laws, adopted non-binding rules, codes and standards</li> <li>* Approve policy that directs compliance</li> <li>* Delegate to management the responsibility for implementing compliance management</li> <li>* Oversee compliance management so that it is understood, relates holistically and is responsive to changes and developments following continuous monitoring of the regulatory environment</li> <li>* Disclose an overview of compliance management; areas of current and future focus; actions to monitor and address compliance management; material or repeated sanctions, fines and penalties on the organisation, its officers and members; environment regulator inspections and incidents of non-compliance and the consequences</li> </ul>	<p>The Board, with the assistance of the Audit and Risk committees, ensures that the Group complies with applicable laws, regulations, codes, and standards. Compliance risk is monitored by the Risk Committee and managed through the compliance framework and compliance reviews. The committee monitors the legislative landscape and assesses the impact of new laws and regulations, and keeps the Board apprised of material developments. No compliance inspections by environmental regulators had taken place during the period under review, and no incidences of non-compliance with environmental laws were identified. There was no material or repeated regulatory penalties, sanctions, or fines for infringements of, or non-compliance with, statutory obligations other than traffic violation fines in the ordinary course of business.</p>
<p><b>Principle 14 Remuneration governance</b></p>	<p><b>The governing body should ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term</b></p>	
		<p>The Board assumes responsibility for remuneration governance and sets the direction for remuneration across the Group. The Group's remuneration policy seeks to ensure that the Group's executives and managers are fairly rewarded for their individual and joint contributions to the company's performance and that the company remunerates fairly, responsibly, and transparently at all levels to enable the company to achieve its strategic objectives and secure positive outcomes in the short, medium, and long term. The remuneration policy and the implementation report are reported on in detail in the IAR and AFS. The remuneration and nominations committee supports the Board by governing the Group's remuneration and ensuring fair and responsible remuneration practices.</p>



<b>Principle 15 Assurance</b>	<b>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</b>	
		<p>The Audit Committee is functionally responsible for the Group's internal audit function and receives a detailed report quarterly on the department's progress against its annual risk-based planning. The committee is also responsible for monitoring the appropriateness of the Group's combined assurance model and reviewing interim and final financial results before submission to the Board. The Audit and Risk committees are satisfied that the external auditor for 2023 is independent and non-audit services that may impair their independence were not performed.</p>
<b>Principle 16 Stakeholders</b>	<b>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</b>	
		<p>The Board, through the Social and Ethics Committee, monitors stakeholder management, which is implemented through a decentralised stakeholder engagement model. This delegates responsibility for proactive and constructive stakeholder engagement to management, which entails consistent and relevant interaction, underpinned by appropriate measurement tools. The Board has identified material stakeholders of the Group. It continuously considers the legitimate and reasonable needs, interests, and expectations of such stakeholders as part of the decision-making process. It acts in the best interest of Dis-Chem.</p>
<b>Principle 17 Responsibilities of institutional investors</b>	<b>The governing body of an institutional investor organisation should ensure that the organisation practises responsible investment to promote good governance and the creation of value by the companies in which it invests</b>	
	<p>* In the case of an institutional investor, direct how responsible investing will take place, approve the policy for responsible investing * In the case of an institutional investor, delegate to management and/or</p>	<p>N/A</p>

	<p>outsourced manager the implementation of responsible investing policy</p> <ul style="list-style-type: none"><li>* In the case of an institutional investor, oversee that the formal outsourcing mandate incorporates the responsible investment policy</li><li>* In the case of an institutional investor, ensure accountability for complying with the formal mandate</li><li>* In the case of an institutional investor, disclose the responsible investment code adopted and its application thereof</li></ul>	
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