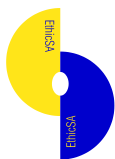


# MASSMART

## Code of Ethical Conduct



MEMBER OF THE  
*Ethics Institute  
of South Africa*

# Massmart Code of Ethical Conduct

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**Note that Massmart reserves the right to amend this Code from time to time.** The Code of Ethical Conduct should be displayed on notice boards and be available from Human Resources, line managers and union representatives, giving employees the opportunity to read the Code in their own time and in detail.

## **1. A message from Massmart's Board and Executive Committee**

At Massmart, we are committed to achieving the highest standards of ethical behaviour in the way that we conduct our business with our associates and stakeholders. This Code of Ethical Conduct is intended to guide the standard of behaviour that we apply in our interactions with all Massmart associates and stakeholders, and special emphasis is placed on our interactions with each other, our customers, our shareholders, our suppliers and the communities in which we operate. Central to this Code is the idea that we will not break the law or engage in “morally suspect” behaviour in the way that we conduct our business.

It is the duty of each Massmart employee to ensure that his/her behaviour is without exception guided by Massmart's core values of dignity and respect, integrity, accountability, stewardship, trust and diversity. We will by the same token expect our stakeholders to apply the same values in the way that they interact with us and with others.

Furthermore, it is our collective responsibility to demonstrate the moral courage needed proactively to challenge and speak out against unethical behaviour whenever and wherever we encounter it within the Massmart environment. These efforts will be underpinned by our understanding that our commitment to the highest standards of ethical conduct will be demonstrated by the way that we deal with those less obvious ethical choices that sometimes hide behind the convenient respectability of the commercial imperative.

When we do the right thing, Massmart becomes the right place for employees to work, the right place for customers to shop, the right place for suppliers to distribute and the right place for shareholders to invest.

We, the members of the Board and Executive Committee, have committed ourselves to the Massmart Code of Ethical Conduct. We call on you to do the same, in the best interests of our business and all who are touched by it.

## **2. Scope of the Massmart Code of Ethical Conduct**

The *Massmart Code of Ethical Conduct* applies to all directors, employees, suppliers and service providers to Massmart and all its subsidiaries.

### 3. Our vision and mission

#### Our vision



#### Our mission

Massmart is a South African-based, globally competitive, regional management group, invested in a portfolio of differentiated, complementary, focused wholesale and retail formats, each reliant on high volumes and operational excellence as the foundation of price leadership, in the distribution of mainly branded consumer goods. The Group actively seeks the continual improvement of performance in the portfolio and its parts, through strategic and structural clarity, high market shares, excellent management, principle-driven ethical leadership, cost-effective technology and the sharing or agglomeration of capabilities, knowledge, resources, influence and information.

To this end, thought leadership, individual and collective performance, and collaboration throughout the Group are appropriately rewarded, with executive management incentivised predominantly on Group performance.

#### 4. Our core values

Massmart is firmly grounded in a set of six core values that we have long embraced and practised in pursuit of our business objectives. Our expected standard of stakeholder conduct is furthermore supported by our unwavering commitment to upholding the primary principles of ethical conduct underpinning our values.

The six core values are:

<b>Dignity and Respect:</b>
<i>Focussed on the way that we <b>will</b> treat our associates and stakeholders, regardless of the situations in which we encounter them.</i>

Primary principles:

- Always act in the best interests of our customers, and pay particular regard to their expectations of product quality, product safety, competitive pricing and advertising that is not false or misleading.
- Always act as a compassionate and responsible corporate citizen, which is in touch with the issues facing the communities in which we operate.

<b>Integrity:</b>
<i>Focussed on the high moral and ethical principles that we <b>will</b> apply uncompromisingly in the way that we pursue our strategies and operating practices and in the way we deal with all stakeholders. Integrity is more than honesty; it is about behaving at all times in a manner that is never manipulative of the rights and feelings of others.</i>

Primary principles:

- Always abide by the spirit and the letter of the law in the way that we conduct our business.
- Refrain from involvement in any illegal acts whatsoever, examples of which include bribery, insider trading and tax evasion.
- Be particularly committed to participating effectively in social upliftment initiatives, proactively advancing the process of black economic empowerment and demonstrating sensitivity to the impact that our activities and our trading partners activities have on the natural environment.

<b>Accountability:</b>
------------------------

<i>Focussed on understanding and accepting the consequences of the individual and collective choices that we <b>will</b> make.</i>
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Primary principles:

- Always perform our responsibilities professionally, honestly and in a way that serves the legitimate business interests of our stakeholders by:
  - avoiding conflicts of interest;
  - not engaging in theft of company property;
  - utilising company assets for legitimate business purposes only; and
  - protecting confidential information.
- Always maintain strictly professional relationships with suppliers of goods and services.
- Refrain from giving or receiving gifts, favours or hospitality that may compromise our ability to deal with our suppliers objectively and without special favour.

<b>Stewardship:</b>
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<i>Focussed on always taking decisions that <b>will</b> enhance the long-term value of the assets for which we are responsible.</i>
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Primary principles:

- Always maintain accurate and reliable records, which provide a fair representation of all business transactions and which are consistent with General Accepted Accounting Practices [GAAP], as well as our legal and financial reporting obligations.
- Always maintain the highest level of governance, both in action and principles, congruent with the expectations of shareholders, regulators and the communities in which we operate.

**Trust:**

*Focussed on nurturing, through example, a powerful belief that this organisation **will** be honest, fair and reliable in its dealings with all stakeholder groups*

Primary principles:

- Always compete fiercely in our chosen markets, but not resort to dishonest tactics in order to gain advantage over our competitors.
- Refrain from improper methods to gain access to the confidential information of our competitors.

**Diversity:**

*Focussed on respecting and placing a high value on leveraging individual, cultural, gender and talent differences so that we **will** consistently unleash the full potential of our work force.*

Primary principles:

- Always strive to create a stimulating and safe working environment, which is underpinned by respect for the rights of individuals and which is free of prejudice in all its guises.
- Refrain from abusive behaviours, such as verbal assault and defamation, sexual harassment, gender discrimination and racial discrimination.

**These values and guiding principles are supplemented by policies and procedures that prescribe the required standard of conduct governing specific situations. These policies and procedures with which all employees are expected to be familiar, (some of which are described in Addendum 3) are detailed in the relevant Group and Chain Policies and Procedures and available on request from the Human Resource departments.**

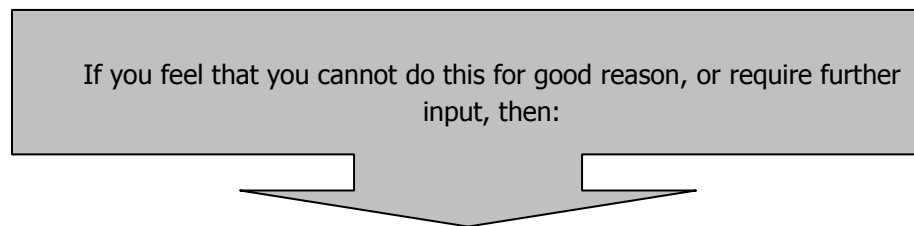
## 5. Seeking guidance and reporting of unethical behaviour

### 5.1. Seeking guidance confidentially

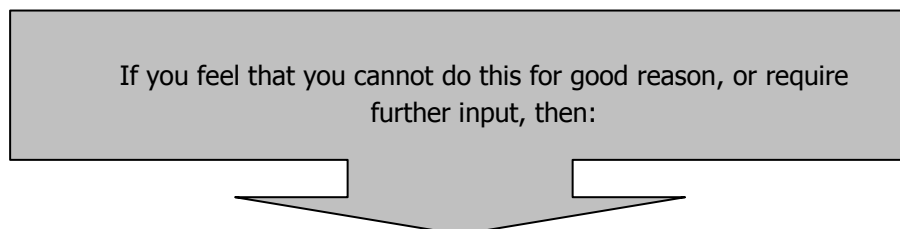
There may be times when you are uncertain whether a decision or action that you are required to carry out is consistent with the letter and spirit of the *Massmart Code of Ethical Conduct* or other related policies. In such cases, you should obtain advice on how to proceed.

If you have any query or concern, or if you need guidance or advice:

1. **You could approach a team member.** He or she who knows your work situation well and may be able to assist you confidentially.



2. **You could approach your line manager.** He or she also knows your work situation well and may be able to assist you confidentially.



3. **You could approach another manager or your HR Department.** All managers are required to maintain the highest ethical standards and, as part of their responsibility, to guide employees in the application of the *Massmart Code of Ethical Conduct*.

If you still feel that you cannot do this for good reason, or require further input, then:

4. You may speak to or otherwise contact your **Massmart Chain Ethics Office or the Massmart Group Ethics Office**. Please note that there will be non-interference from ethics officers during disciplinary hearings or when in the hands of the CCMA or Labour Court.

To find Ethics Office's contact details, ask your HR Department or go to [www.massmart.co.za](http://www.massmart.co.za)

**Important points when seeking guidance confidentially:**

- First, try to keep your concerns as close to the source as possible by only approaching managers or ethics officers if you are certain that colleagues or immediate line management cannot help you;
- You should request ethics advice if you are uncertain; and
- All managers and ethics officers shall deal with requests for ethics advice in the strictest confidentiality.

**Confidentiality** means that the person providing advice will know your identity when you seek advice, but will not make your identity known to anyone else without your permission, unless there is an overriding legal or ethical obligation to do so.

A commitment to confidentiality does not prevent you from escalating important issues should it be in interest of Massmart to do so.

## 5.2. Reporting unethical behaviour confidentially or anonymously

Massmart will ensure that safe and effectively managed processes are in place for employees or suppliers to report unethical conduct. In turn, all employees of Massmart should report observed conduct that is inconsistent with the letter and spirit of the Massmart Code of Ethical Conduct by following the processes suggested below.

### If the issue involves behaviour that would be considered criminal in nature:

1. You should report the issue to the **Massmart Ethics Line** using:

Freecall : 0800 20 32 46 or +27 31 508 6488 (outside South Africa)  
Freefax : 0800 00 77 88  
e-mail : [Massmart@ethics-line.com](mailto:Massmart@ethics-line.com)  
Free post : Free Post, KZN 138, Umhlanga Rocks, 4320  
SMS : "please call me" to 32846 (charged @ R1.00 per sms)

Note that only calls **within** South Africa and from Telkom lines are free.

The Ethics Line is intended to provide all Massmart employees and suppliers with a confidential and safe option for reporting suspected instances of unethical conduct.

Refer to Addendum 2 for information on where the Ethics Line details are displayed and communicated to both employees and suppliers.

### Important points when reporting to the Massmart Ethics Line:

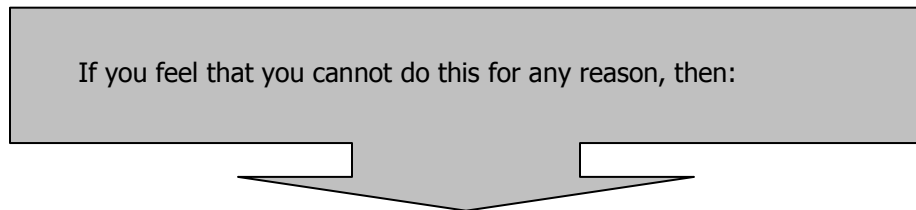
- You may report incidences either confidentially or anonymously.
- When reporting, you should clearly state:
  - **Which** alleged wrongdoing you are reporting;
  - **Where** and **when** (dates and times, if available) the alleged wrongdoing took place;
  - **Who** was involved in the alleged wrongdoing;
  - **How** the individual or business committed the act; and
  - **Why** you believe the activity to be improper.
- You may refer to the *Massmart Whistle-blowing Policy* for more information on responsible and safe reporting of unethical conduct.
- All managers and ethics officers shall deal with reports of unethical conduct in strict confidentiality.
- If reporting anonymously to the *Massmart Ethics Line* it is your responsibility to ensure that you provide enough information for it to be acted on effectively.

**5.3. Reporting of unethical conduct that would not be considered criminal in nature confidentially or anonymously**

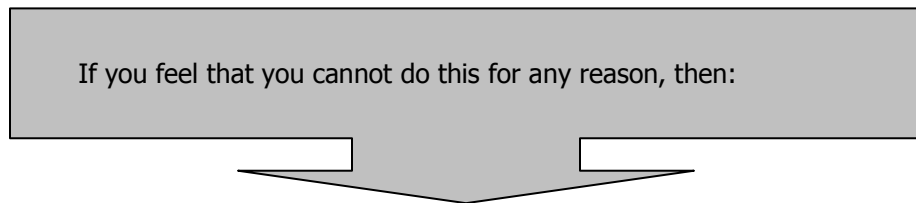
You **should** report observed conduct that is inconsistent with the letter and spirit of the *Massmart Code of Ethical Conduct* or related policies by following the processes suggested below.

**If the issue involves conduct that is contrary to our values and principles but would not be considered as criminal in nature:**

1. You could report the issue confidentially to your **line manager**.



2. You could report the issue confidentially to **another manager or your HR Department**.



3. You may report the issue via the **Massmart Ethics Line** using:
- Freecall : 0800 20 32 46 or +27 31 508 6488 (outside South Africa)
  - Freefax : 0800 00 77 88
  - e-mail : [Massmart@ethics-line.com](mailto:Massmart@ethics-line.com)
  - Free post : Free Post, KZN 138, Umhlanga Rocks, 4320
  - SMS : “please call me” to 32846 (charged @ R1.00 per sms)

Note that only calls **within** South Africa and from Telkom lines are free.

The Ethics Line is intended to provide all Massmart employees and suppliers with a confidential and safe option for reporting suspected instances of unethical conduct.

Refer to Addendum 2 for information on where the Ethics Line details are displayed and communicated to both employees and suppliers.

**Important points when reporting conduct NOT of a criminal nature:**

- You may report incidences either **confidentially** or **anonymously**.  
(Please note that it may be more difficult to act successfully on anonymous reports than on confidential reports.)
- You may refer to the *Massmart Whistle-blowing Policy* for more information on responsible and safe reporting of unethical conduct.
- All managers and ethics officers shall deal with reports of observed unethical conduct in the strictest confidentiality.
- **The ethics-advice process** is not a mechanism to voice grievances that you may have with colleagues. If you believe you have a legitimate grievance, please revert to the grievance policy and procedures in your chain or division.

**Anonymity** means that you do not state your name when reporting unethical conduct. If you are reporting anonymously, note that you are responsible for protecting your anonymity.

**Anonymous reports are best made through the *Massmart Ethics Line*.**

**0800 20 32 46**

#### **5.4. Massmart's undertaking to employees**

All suspected violations of the Code of Ethical Conduct will be thoroughly investigated, based on the quality and integrity of the information provided, after which appropriate remedial actions will be implemented. When there is good cause to suspect that a breach has occurred, the remedies may include any combination of the following actions:

- Initiating the Internal Disciplinary procedure; and/or
- Initiating legal proceedings with the appropriate authorities; and/or
- Suspending or terminating relationships with stakeholders who do not “demonstrate the same level of commitment to organizational integrity” [King III]; and/or
- Instituting appropriate actions and controls to prevent the breach from recurring.

If appropriate, a financial reward for the informant/s may be considered in recognition of their contribution to institutionalising ethical behaviour.

Those breaches that do occur, as well as general levels of compliance, will be disclosed to employees and other relevant parties fully, fairly, accurately and in a timely manner. In addition, we will implement rigorous measures to protect those who speak out against unethical practice from retribution and to safeguard the rights and reputation of those falsely or maliciously accused. (Refer to the *Massmart Whistle-blowing Policy* for more information on protection for responsible and safe reporting of unethical conduct.)

## 6. Ethical Decision-making Guidelines

It is an absolute Massmart requirement that the decisions and actions of our associates are governed by a clear understanding of what comprises right or wrong behaviour. To achieve this, all employees must be able consistently to make the right ethical choices in a variety of work-related situations, some of which may be ambiguous. The following are guidelines that employees should apply if there is any doubt about the ethics associated with a contemplated decision or action:

1. Is this decision/action legal?
2. Does this decision/action comply with our policies and procedures?
3. Is this decision/action consistent with our values and ethical principles?
4. Does this decision/action feel right?
5. Would I be happy if my boss knew about this decision/action?
6. Would I be happy to have this decision/action published on the front page of the newspaper?

If the response to each of the above questions is yes, then the decision or action that is under consideration is likely to comply with the Massmart Code of Ethical Conduct. If, however, there is still uncertainty after you have applied these guidelines, then it is imperative that you seek additional advice from either your Chain Ethics Office or the Massmart Group Ethics Office.

## 7. Enforcement and Monitoring

Our overriding objective will be to institutionalise ethical behaviour as an essential component of Massmart's culture. This will be achieved only with the full co-operation of all of our associates and stakeholders, whom we expect to:

- Become familiar with and comply with the issues of ethical conduct described in this code, as well as in related legislation and internal policies.
- Proactively report any suspected or known violation of this code.
- Protect those who report violations from retribution.

Compliance with this Code of Ethical Conduct will be tracked through a multi-faceted approach, including internal ethics audits, external ethics audits, ethics surveys and the use of an externally operated ethics line.

## Addendums

### Addendum 1 - Ethics Officers' Contact Details

	<u>Chain</u>	<u>Direct number</u>	<u>Switchboard</u>	<u>Email address</u>
<b>Group Ethics Officer:</b> John Hawksley	Massmart Holdings Ltd	011-517 0067	011-517 0000	jhawksley@massmart.co.za
<b>Ethics Officer:</b> Adelle van Schalkwyk	Masscash: Shield	011-532 3603	011-532 2600	adelle.vanschalkwyk@masscash.co.za
<b>Ethics Officer:</b> Garth MaClou	Masscash: CBW & Jumbo	031-713 4310	031-713 4000	garthm@cbw.co.za
<b>Ethics Officer:</b> Bronwynne Bester	Masscash: Cambridge	011-532 3578	011-532 3600	bronwynne.bester@cambridgefood.co.za
<b>Ethics Officer:</b> Bryan Hacking	Massdiscounters: Game & Dion	031-302 8336	031-302 8991	bryanh@mdd.co.za
<b>Ethics Officer:</b> Tracy Haiml	Massbuild: Builders Warehouse, Builders Express and Builders Trade Depot	011-797 0249	011-797 0400	tracy.haiml@bwhouse.co.za
<b>Ethics Officer:</b> Glenn Smith	Masswarehouse: Makro	011-797 0414	011-797 0000	glenn.smith@makro.co.za
<b>Ethics Officer:</b> Rhia Makan	Massmart Services	011-517 0069	011-517 0000	rmakan@massmart.co.za

## **Addendum 2 - Massmart Ethics Line Contact and Display Details**

*FREECALL:*

0800 20 32 46 (only calls **within** South Africa and from Telkom lines are free)  
+27 31 508 6488 (Outside South Africa)

*FREEFAX:*

0800 00 77 88

*SMS :*

'please call me' to 32846

*EMAIL:*

[Massmart@ethics-line.com](mailto:Massmart@ethics-line.com)

*FREE POST:*

Free Post  
KZN 138  
Umhlanga Rocks  
4320

The Massmart Ethics Line details are displayed in various forms for all employees and suppliers, and the medium is constantly reviewed and updated.

These currently include:

- Ethics posters that are situated in all stores and head offices, examples of which are: "Do what is right" and "What does ethics mean" and are available in four languages.
- Telephone stickers that are distributed to be placed on all telephones and given to employees.
- Pamphlets that were provided to all employees and included in welcome packs for all new employees. Cellphone leaflets were distributed and are available to new employees that contain the SMS number for the ethics line as a "please call me".
- "Supplier cards" that detail our commitment to always maintain strictly professional relationships with all suppliers is available at reception areas and these are distributed to suppliers from the Massmart Head Office Rebates Department.
- Regular "emailers" providing communication on relevant topics are sent to all employees with access to an email address and also asked that management display on all notice boards.

## Addendum 3 - Related Policy Areas Guiding Good Ethical Conduct

### Preamble:

Massmart has identified a number of key areas in the business which are directly impacted by ethical considerations. These key areas with broad guiding principles are listed below.

1. Broad Based Black Economic Empowerment
2. Corporate Social Responsibility
3. Environment
4. Conditions of Employment
5. Whistle Blowing Policy
6. Remuneration
7. Employment Equity
8. Loss Prevention
9. Absenteeism
10. Recruitment and Selection
11. Harassment
12. Gifts and Donations
13. Discipline
14. Training and Development
15. Record keeping
16. Disclosure (such as conflict of interests)
17. Health & Safety

Individual Chains have a number of Policies and Procedures, which define conduct in respect of each of these areas. Chains should insert all Policies and Procedures that relate to the above areas, and all other additional policies that are deemed important for the Chain, as an annexure to the Code of Ethical Conduct.

#### *1. Broad Based Black Economic Empowerment (BEE):*

The purpose of the BEE Policy is to outline the principles and processes through which Massmart and its entities intends to improve its BEE status.

Although the retail industry does not as yet have a BEE charter in place, Massmart is committed to proactively moving towards an acceptable BEE score based on the DTI Charter recommendations.

#### *2. Corporate Social Responsibility (CSR)*

The purpose of a Corporate Social Responsibility Policy is to ensure that the business supports the sustainability of the social environment and framework in which it operates. The Corporate Social Responsibility Policy should ensure that the business works in partnership with relevant stakeholders, for the overall benefit of society.

Good CSR is underpinned by good ethics. CSR initiatives that are solely used as marketing opportunities are arguably unethical in that they seek to portray an external

state of affairs that may not match the reality inside the company. Good CSR should add value and not just exist for the sake of good public relations.

An important aspect of CSR is Corporate Social Investment (CSI). The Group has a history of dedicated investment into CSI. CSI can be viewed as the organisations external contribution to social responsibility. This investment is based not only on sound principles of reputation management (an organisations public efforts to communicate internal good governance), but in a desire to do what is right.

### *3. Environment*

The purpose of an Environmental Policy is to ensure that our objective in providing superior returns to our shareholders is done in an environmentally responsible manner. The Environmental Policy should ensure that inappropriate risks are not taken, which may endanger the environment making it either unsafe or unhealthy or may unreasonably compromise environmental sustainability.

We will therefore ensure that our operations comply in all respects with relevant national, provincial and local environmental legislation and regulations. We will specifically ensure that all Massmart entities comply with the relevant provisions of the National Environmental Management Act (NEMA) of 1998, the essential elements of which require that:

- Development must be socially, environmentally and economically sustainable.
- Organizations must select best practice environmental options that optimize environmental benefits or that minimize environmental damage, at a cost that is viable for society in the short and long-terms.
- Organizations should report on the environmental impact of their activities.

This objective is not inconsistent with our traditional commercial imperatives, since it challenges us to discover forms of resourcefulness, cost consciousness and resource efficiency that will result in positive outcomes in areas such as lower raw materials consumption, lower energy consumption and less wastage.

### *4. Conditions of Employment*

The purpose of a statement on Conditions of Employment is to ensure that both employees and the employers have stated and agreed conditions of employment. This is to ensure that all employees are treated fairly, consistently and openly. It will avoid unnecessary disputes and disagreements between employees and employers. Employees should be made aware of the Code of Ethical Conduct and the implications of contravening the values and principles contained in the Code.

### *5. Whistle Blowing Policy*

The purpose of the Whistle Blowing Policy is to ensure that all Massmart Employees and Suppliers can without fear of victimization, subsequent discrimination or disadvantage raise breaches of the Massmart Code of Ethical Conduct. The policy further encourages that rather than ignoring a situation or concern, that Employees and Suppliers alike use the Massmart Ethics Line to either confidentially or anonymously report the breach or concern.

## *6. Remuneration*

The purpose of the Remuneration Policy is to ensure that employees receive a motivating remuneration package that is also fair and market and /or demand related. Employees must be fairly rewarded and recognised for their performance. Basis for calculation of remuneration must be transparent and equitable. Recognition strategies should operate regularly for high performers. The remuneration Policy should ensure that remuneration is not used to obtain favours or inappropriate control.

## *7. Employment Equity*

The purpose of an Employment Equity Policy is to ensure that the business is working towards ensuring that the workforce is reflective of the diverse make-up of the South African population. As such the Employment Equity Policy is an over-arching policy that details the specific equity challenges that a particular business is facing, and what the approach is to resolve these challenges. The Employment Equity Policy should include equal opportunity principles and processes.

## *8. Loss Prevention*

The purpose of a Loss Prevention Policy is to avoid inappropriate loss or fraud from the business. The Loss Prevention Policy should regulate and control behaviour or action that may lead to the company losing resources inappropriately. This can include fraudulent leave, medical or expense records or obtaining information that is passed onto a third-party for inappropriate use.

## *9. Absence*

The purpose of an Absence Policy is to control and monitor authorised and unauthorised absence. The Absence Policy should ensure that employees have correctly allocated leave if required, and to ensure that this leave is appropriately communicated and authorised.

## *10. Recruitment and Selection*

The purpose of a Recruitment and Selection procedure is to ensure that the best and most appropriate person is identified and recruited. The Recruitment and Selection Procedure should ensure that the recruitment and selection process is open and fair. Any recruitment of family, friends or close associates must be declared and reviewed through the appropriate procedures. There should be a thorough and reliable search process and the selection process should be valid and free from manipulation or bias. Integrity must be given consideration in recruitment and promotion of staff.

## *11. Harassment*

The purpose of a Harassment Policy is to ensure that all workplace behaviour is free of forms of harassment. The Harassment Policy should ensure that people relations are impartial and free of prejudice, discrimination or bias.

## *12. Gifts*

The purpose of a Gift Policy is to ensure business decisions are made from a sound and objective basis. The Gift Policy should ensure that employee relations with stakeholders, such as suppliers and customers, are fair, open and unbiased.

## *13. Discipline*

The purpose of a Disciplinary Policy is maintain workplace and individual discipline, and hence to avoid deviant performance or conduct, either on the part of employees or line managers. Employees and line managers are expected to behave correctly and to the required performance standards of their job. High levels of trust and confidence should exist amongst employees in relation to the integrity of the process in which grievances; poor performance, misconduct and dismissals relating to operational requirements are conducted. Both the Disciplinary Policy and the Grievance Policy should be fair and objective, so there cannot be any accusation of rigging or subjectivity. The Disciplinary Procedure and Grievance Procedure should be consistently implemented, to avoid accusations of favouritism.

## *14. Training and Development*

The purpose of a Training and Development Policy is to ensure that employees are appropriately trained and developed, to meet business plans and strategies. The Training and Development Policy should ensure that training and development opportunities are appropriate and open for access by all relevant employees.

## *15. Record keeping*

The purpose of a Record keeping Policy is to ensure that relevant business records are kept for planning and evaluation purposes. The Record keeping Policy should ensure that record keeping is accurate, valid and correctly handled.

## *16. Disclosure*

The purpose of a Disclosure Policy is to ensure that confidential and sensitive business and employee related information, in it many forms, is not disclosed inappropriately to a third party.

## *17. Health and Safety*

The purpose of a Health and Safety Policy is to ensure work related safety and good health. The Health and Safety Policy should ensure that the workplace, and those people in the workplace, are reasonably safe and healthy, and accidents and unsafe situations are avoided, wherever reasonably possible.

## **Addendum 4 - Relevant Extract from Corporate Governance King III report (King III)**

The Report on Corporate Governance King II was in place when the Code of Ethical conduct was introduced in Massmart in 2004. Since September 2009 the King III report has been introduced and places much more emphasis on good ethical leadership and corporate citizenship. Below are some of the key requirements from this section in King III.

### *Rationale*

One of the key concepts of King III is sustainability. In order for sustainability to become integrated into the company, effective leadership is required. As such the board is to be responsible for the company's "sustainable development" and as a result, an entire chapter has been dedicated to this notion in terms of corporate citizenship and the need for effective ethical leadership in this regard.

### *Key requirements*

- The board should ensure that the company is and is seen to be a responsible corporate citizen through the development and implementation of strategies and policies in relation to economic, social and environmental impacts.
- Leadership should be effective and based on an ethical foundation.
- The board should ensure that management cultivates a culture of ethical conduct through the creation of an ethics risk profile, the establishment of a code of conduct, through the integration of ethics into all company practices, procedures, policies and conduct and through the assessment, monitoring, reporting and disclosure of the company's ethics performance.
- The assurance of the company's ethics performance supported by an assurance statement in the integrated report is recommended.

More information on 'Ethical leadership and corporate citizenship' can be found in chapter 1 of the King III report.