

MASSMART HOLDINGS LIMITED

RISK COMMITTEE CHARTER

1. Definitions

In this Charter, the following words and phrases shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and cognate expressions shall bear corresponding meanings:

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| 1.1 | "Board" | the Board of Directors of the Company as constituted from time to time in accordance with the MOI; |
| 1.2 | "Board Committees" | the various committees of the Board as constituted in terms of the MOI read with the Board charter; |
| 1.3 | "CEO" | the chief executive officer of the Company from time to time; |
| 1.4 | "COO" | the chief operating officer of the Company from time to time; |
| 1.5 | "Chairman" | the chairman of the Committee from time to time; |
| 1.6 | "Charter" | this risk committee charter as amended or replaced from time to time; |
| 1.7 | "CCO" | the chief compliance officer of the company from time to time; |
| 1.8 | "Committee" | this risk committee as constituted in terms of the MOI read with this Charter; |
| 1.9 | "Companies Act" | the Companies Act, 71 of 2008 and any regulations published thereunder from time to time, all as amended or replaced from time to time; |

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| 1.10 | "Company" | Massmart Holdings Limited, registration number 1940/014066/06, a public company incorporated and registered in accordance with the laws of South Africa; |
| 1.11 | "Company Secretary" | the company secretary of the Company from time to time; |
| 1.12 | "Directors" | the directors of the Company from time to time; |
| 1.13 | "Financial Director" or "FD" | the finance director of the Company from time to time; |
| 1.14 | "General Counsel" | the general counsel of the Company from time to time; |
| 1.15 | "Group" | the Company and its subsidiaries from time to time; |
| 1.16 | "Integrated Annual Report" | the integrated annual report of the Company; |
| 1.17 | "King III" | the King Report on Corporate Governance for South Africa, 2009; |
| 1.18 | "Listings Requirements" | the listings requirements of the JSE Limited, as amended or replaced from time to time; |
| 1.19 | "MOI" | the memorandum of incorporation of the Company adopted in compliance with the Companies Act, as amended or replaced from time to time; and |
| 1.20 | "Stakeholders" | any group affected by, and affecting, the Company's operations. |

2. Introduction

- 2.1 The purpose of this Charter is to set out the role, duties and responsibilities of the Committee. The Board is responsible for ensuring that the Group implements an effective process to identify risk, measure its potential impact

and then activate what it believes necessary to proactively manage the identified risks.

2.2 This Charter aims to ensure that the Committee is compliant with the Companies Act, the recommendations of the King III and the Listings Requirements.

2.3 The Committee is established to assist the Board in:

2.3.1 the discharge of its duties relating to the safeguarding of the assets of the Group;

2.3.2 evaluating the effectiveness of the Company's policy and plan for risk management such that the Company's ability to achieve its strategic objectives, internal controls and control processes is enhanced; and

2.3.3 addressing statutory and regulatory issues.

2.4 The Committee shall act in accordance with its statutory duties and the delegated authority of the Board.

3. **Composition**

3.1 The Board shall appoint the Committee. The Committee shall consist of not less than three Directors who are members of the Audit Committee, and shall include executive and non-executive Directors. Membership of the Committee should be contained in the Integrated Annual Report.

3.2 The Chairman shall be appointed by the Board. The Chairman shall have the requisite business, risk management and leadership skills.

3.3 The members of the Committee must have adequate risk management skills and experience. The Committee should keep up-to-date with developments affecting the required skill set.

3.4 The Committee shall have the power to appoint such other members as they deem necessary for its proper functioning. The Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties.

- 3.5 The Committee may determine any invitees it requires from time to time.
- 3.6 The quorum for decisions by the Committee shall be any two members of the Committee present throughout the meeting of the Committee.
- 3.7 The Company Secretary shall be the secretary of the Committee.

4. **Role and responsibilities of the Committee**

4.1 **General**

- 4.1.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee and provide it with all information it requests.
- 4.1.2 The Committee must have access to any information it needs, the right to seek independent advice and the power to investigate any matter within the ambit of its authority.
- 4.1.3 The purpose of the Committee is to assist the Board in discharging its duties relating to:
 - 4.1.3.1 the safeguarding of assets;
 - 4.1.3.2 evaluating risk;
 - 4.1.3.3 designing, implementing, monitoring and responding to the process of risk management as envisaged in King III; and
 - 4.1.3.4 compliance with relevant laws, regulations and procedures.
- 4.1.4 The Committee shall not perform any management functions or assume any management or Board responsibilities, but shall have an objective independent role and shall submit recommendations as appropriate to the Board for approval or final discussion.
- 4.1.5 The Committee, on behalf of the Board, will have processes in place to ensure that complete, timely and relevant disclosure of: any unusual risks; details of material losses including the cause, amount, impact and management response; any current or envisaged risks threatening

the Company's sustainability; and the effectiveness of the Company's risk management process.

4.2 **Risk responsibilities**

- 4.2.1 The Committee will oversee the development and annual review of the Group's risk management policy, process and structures as well as any significant subsequent changes thereto.
- 4.2.2 The Committee will monitor the implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- 4.2.3 The Committee will consider the adequacy of risk management strategies, disclosures and plans for the significant risks facing the Group including the adequacy of insurance cover where appropriate on a continual basis.
- 4.2.4 The Committee will make recommendations from time to time to the Board on matters relating to the Group's risk policies, strategies and philosophy.
- 4.2.5 The Committee will annually review the Group's risk register that will be prepared by management. This risk register will be presented annually to the Board.
- 4.2.6 The Committee will make recommendations to the Board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board.
- 4.2.7 The Committee, together with the General Counsel and CCO where necessary, will review any legal and compliance matters that could have a significant impact on the Group's business.
- 4.2.8 The Committee will liaise with the Board in respect of the preparation of the required risk management related disclosures in the Group's Integrated Annual Report.

- 4.2.9 The Committee shall generally do whatever is necessary to ensure that management promotes a risk management culture within the Group and which is one that satisfies governance-reporting requirements.

5. Meeting Procedures

5.1 Frequency

- 5.1.1 The meetings and proceedings of the Committee shall be governed *mutatis mutandis*, by the provisions of the MOI regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any of the conditions laid down herein.
- 5.1.2 The Committee shall meet at least three times per year or more frequently as the Committee or circumstances may dictate.
- 5.1.3 Meetings in addition to those scheduled may, with the approval of the Chairman, be held at the request of the chairman of the Company, the CEO, the COO, the FD or any Director at the instance of the Board.

5.2 Attendance

- 5.2.1 The quorum for decisions of the Committee will be any two members present.
- 5.2.2 The Chairman, in his/her discretion, may invite such executives, non-executive Directors, senior management and third parties, including independent risk management experts, as appropriate to attend and be heard at meetings of the Committee. The chairman of the Company, if he is not a member of the Committee, must be invited to all meetings of the Committee.
- 5.2.3 The CEO, COO, FD, General Counsel and representatives of the internal auditor should attend meetings as invitees (if they are not already members) and will have unrestricted access to the Chairman or any other member of the Committee as required.

5.2.4 Other Board members shall also have a right of attendance. The Committee is authorised to require any employee of the Company to attend its meetings, in addition to the attendees specified in 5.2.3 above.

5.3 **Agenda and minutes**

5.3.1 The Company Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee and Directors.

5.3.2 Meeting agendas, which will incorporate the minutes of the previous meeting held, shall be prepared and distributed by the Company Secretary in advance, together with sufficient background information to enable the Committee members to appropriately prepare for the meetings.

5.3.3 Unless varied by this Charter, meetings and proceedings of the Committee will be governed by the MOI regulating the meetings of Directors and Board Committees.

5.4 **Reporting**

5.4.1 The Chairman shall account to the Board for its activities and make recommendations to the Board concerning any matters arising from the Committee's responsibilities.

5.4.2 The Chairman shall attend the annual general meeting of the Company to answer questions concerning matters within the ambit of the Committee.

6. **Remuneration**

6.1 Having regard to the functions performed by the members of the Committee, in addition to their functions as Directors and in relation to the activities of the Committee and pursuant to the specific power conferred upon the Board by the MOI, members of the Committee shall (unless specifically waived in writing) be paid such additional special remuneration in respect of their appointment as shall be fixed by the Board and as approved by shareholders.

- 6.2 The Chairman shall receive a further fee, determined by the Board, in addition to his remuneration as a member.
- 6.3 Such additional special remuneration in terms hereof shall be in addition to the fees payable to Directors.
- 6.4 The Company shall meet all expenses reasonably incurred by the Committee including the fees of any consultant or specialist engaged by the Committee to assist in the performance of its duties.

7. **Evaluation**

- 7.1 This Charter will be reviewed annually by the Committee and the Board.
- 7.2 The Committee shall undertake annual self-assessments, which shall include assessments by the the FD.