

MASSMART HOLDINGS LIMITED

REMUNERATION 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 | "Annual Report" | the integrated annual report of the Company from time to time; |
| 1.2 | "Board" | the Board of Directors of the Company as constituted from time to time in accordance with the MOI; |
| 1.3 | "CEO" | the chief executive officer of the Company from time to time; |
| 1.4 | "Chairman" | the chairman of the Committee from time to time; |
| 1.5 | "Charter" | this remuneration committee charter as amended or replaced from time to time; |
| 1.6 | "Committee" | this remuneration committee as constituted in terms of the MOI read with this Charter; |
| 1.7 | "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; |
| 1.8 | "Company" | Massmart Holdings Limited, registration number 1940/014066/06, a public company incorporated and registered in accordance with the laws of South Africa; |
| 1.9 | "Directors" | the directors of the Company from time to time; |

- 1.10 **"Executive"** a member of the Company's executive committee from time to time;
- 1.11 **"FD"** the Group financial director of the Company from time to time;
- 1.12 **"General Counsel"** the general counsel of the Company from time to time;
- 1.13 **"Governance Authorities"** the Company's delegation of authority document as reviewed, approved, amended or replaced by the Board from time to time;
- 1.14 **"Group"** the Company and its subsidiaries from time to time;
- 1.15 **"MOI"** the memorandum of incorporation of the Company adopted in compliance with the Companies Act, as amended or replaced from time to time; and
- 1.16 **"Stakeholders"** any group affected by, and affecting, the Company's operations.

2. Introduction

- 2.1 The main purpose of the Committee is to oversee a formal and transparent procedure for developing and implementing a fair and responsible policy on executive remuneration that enables the Company and the Group to recruit, retain and motivate executive talent in order to create value for the Company over the long term. The Committee is also responsible for fixing the remuneration packages of individual Directors, with agreed terms of reference, and to avoid potential conflicts of interest.
- 2.2 The Committee shall assist the Board to fulfil its responsibility to all Stakeholders by making recommendations on the remuneration of the Group's Board members and senior executives in support of the Company's strategic objectives. The backdrop to this shall be all relevant Stakeholder, governance and regulatory requirements as well as local and global trends in executive remuneration.

3. **Composition**

- 3.1 The Committee shall be appointed by the Board and shall consist of at least three non-executive directors of the Company, of whom at least two shall be independent. The quorum shall be two members.
- 3.2 The Chairman shall be appointed by the Board and will be a senior independent non-executive director.
- 3.3 The Directors, members of the Human Resources Department of the Company and external advisors may attend meetings by invitation from time to time, but shall not, subject to the consent of the Chairman, be entitled to vote.
- 3.4 The General Counsel, Company Secretary or any Executive nominated by the Chairman from time to time shall be the secretary of the Committee.
- 3.5 The term of office of the Committee shall be one year, and the Board will review its composition and chairmanship annually.

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

The formal lines of authority and approval by the Committee are documented in the Governance Authorities.

4.1 **Committee Responsibilities**

With a view to making remuneration recommendations for approval by the Board, the Committee shall assist the Board with the :

- 4.1.1 review of executive capabilities required in relation to the Group's strategic, operating and financial objectives;
- 4.1.2 review of and alignment between strategy, business models and structure;
- 4.1.3 review of succession and recruitment plans;
- 4.1.4 review of general Group compensation policies and annual remuneration costs;

- 4.1.5 review of the benefit, remuneration, incentive and share scheme policies for executives;
- 4.1.6 setting of executive compensation policy, monitoring administration of the compensation programme and making decisions on the total compensation of the chairman of the Board, the CEO, members of the Board and the CEO's direct reports to ensure that:
 - 4.1.6.1 the base salary is competitive and fair;
 - 4.1.6.2 short-term and long-term incentives are equitably related to qualitative and quantitative performance indicators;
 - 4.1.6.3 grant of shares / options are equitable and compliance with company policy, regulatory and legal requirements, and are properly disclosed;
 - 4.1.6.4 service agreements do not exceed three years without Board and shareholder approval;
- 4.1.7 annual evaluation of senior executives' salary packages against:
 - 4.1.7.1 remuneration paid to executives of other companies of a similar size both in South Africa and internationally (where relevant) utilising published surveys or independent consultants performing the specific analysis; and
 - 4.1.7.2 the extent to which executives have met their performance targets, goals and objectives;
- 4.1.8 review of and recommendation for approval by the Board, share incentive schemes that are consistent with the Group's overall objectives and with executive compensation policy;
- 4.1.9 review of the Group's retirement plans and medical schemes;
- 4.1.10 selection of independent consultants to advise the Committee when appropriate;
- 4.1.11 approval of the disclosure on the remuneration of executive and non-executive Directors and the remuneration report published in the

Annual Report. This must provide a full detailed breakdown of Directors' packages and share scheme awards;

- 4.1.12 recommendation of non-executive Directors' and Board committee members' fees to the Board and also the fees of any director-related entities providing services to the Group, and
- 4.1.13 review of the annual assessment by the Chairman and CEO in respect of each non-executive Director.

5. Meeting Procedures

- 5.1 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.
- 5.2 Meetings of the Committee will be held at least four times annually.
- 5.3 Minutes of the meetings will be maintained and will be circulated to the Board.

6. Approval

The remuneration policy shall be put to the shareholders of the Company at the Company's annual general meeting for endorsement by way of a non-binding advisory vote.

7. Remuneration

- 7.1 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, 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.
- 7.2 The Chairman shall receive a further fee, determined by the Board, in addition to his remuneration as a member.

8. **Evaluation**

- 8.1 Annually the Committee shall perform a self-assessment. These findings, together with the Chairmen's formal responses, shall be tabled to the Board.
- 8.2 This Charter shall annually be reviewed by the Board and amended or replaced as necessary.