

MASSMART HOLDINGS LIMITED

SOCIAL AND ETHICS 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 annual report of the Company; |
| 1.2 | "Articles" | the articles of association of the Company or the MOI as amended from time to time, as the case may be; |
| 1.3 | "Board" | the Board of Directors of the Company as constituted from time to time in accordance with the Articles; |
| 1.4 | "Chairman" | the chairman of the Committee from time to time; |
| 1.5 | "Charter" | this social and ethics committee charter as amended or replaced from time to time; |
| 1.6 | "Committee" | this social and ethics 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 **"Governance Authorities"** the Company's governance authorities as reviewed, approved, amended or replaced by the Board from time to time;
- 1.11 **"Group"** the Company and its subsidiaries from time to time;
- 1.12 **"King III"** the King Report on Corporate Governance for South Africa, 2009;
- 1.13 **"MOI"** shall mean either (i) the memorandum of association and the Articles of the Company, until replaced by a memorandum of incorporation which complies with the Companies Act; or (ii) the memorandum of incorporation of the Company adopted in compliance with the Companies Act, as amended or replaced from time to time; and
- 1.14 **"Stakeholders"** any group affected by, and affecting, the Company's operations.

2. Introduction

- 2.1 In terms of section 72(4) of the Companies Act read with the regulations passed in terms of the Companies Act, the Company is obliged to have a social and ethics committee. Consequently the Company has constituted the Committee in order to perform the functions encompassed in terms of the Companies Act read with the regulations passed in terms of the Companies Act.
- 2.2 The Committee will operate independently of management and will be free of any organisational restraint or pressure.
- 2.3 The Board has oversight responsibility and the Committee assists the Board in fulfilling its responsibility.

- 2.4 Furthermore as transformation forms an integral part of the business strategy of the Company as a major element through which the business is managed, the Board has decided to specifically mandate the Committee in respect of all issues relating to transformation as they affect the corporate strategy of the Company. The Committee's focus in this regard should be to assist the Board in the development of an employee profile that will be increasingly representative of South Africa's demography. The Committee will assist the Company to discharge its transformation and business sustainability responsibility with respect to the implementation of practices that are consistent with good corporate citizenship.

3. Composition

- 3.1 The Committee is a committee of the Board, advisory in nature and reports to the Board.
- 3.2 The members of the Committee shall be appointed by the Board and shall consist of not less than two Directors, provided that one of the members of the Committee is an independent non-executive Director.
- 3.3 The Chairman of the Committee shall be appointed by the Board and must be a non-executive Director.
- 3.4 The Group Corporate Affairs Executive shall be the secretary of the Committee.

4. Roles and responsibilities of the Committee

- 4.1 The formal lines of authority and approval by the Committee are documented in the Governance Authorities.
- 4.2 The Committee is authorised by the Board to investigate any activity within its term 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.
- 4.3 The Committee is authorised by the Board to seek external independent professional advice, and to secure the attendance of outsiders with relevant experience and expertise where necessary at the cost of the Company.

- 4.4 The Committee is further entitled to:
- 4.4.1 require from any Director or prescribed officer of the Company any information or explanation necessary for the performance of the Committee's functions;
 - 4.4.2 request from any other employee of the Company any information or explanation necessary for the performance of the Committee's functions;
 - 4.4.3 attend any general shareholders meeting;
 - 4.4.4 receive all notices of and other communications relating to any general shareholders meeting;
 - 4.4.5 be heard at any general shareholders meeting as contemplated above, on any part of the business of the meeting that concerns the Committee's functions.
- 4.5 Further, the Committee is:
- 4.5.1 to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice with regard to matters relating to:
 - 4.5.1.1 social and economic development, including the Company's standing in terms of the goals and purposes of:
 - 4.5.1.1.1 the 10 principles set out in the United Nations Global Compact Principles, being:

Principle	Description
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights
Principle 2	Businesses should make sure that they are not complicit in human rights abuses
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour
Principle 5	Businesses should uphold the effective abolition of child labour

Principle	Description
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation
Principle 7	Businesses should support a precautionary approach to environmental challenges
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery

4.5.1.1.2 the Organisation for Economic Co-operation and Development recommendations regarding corruption;

4.5.1.1.3 the Employment Equity Act, 55 of 1998;

4.5.1.1.4 the Broad-Based Black Economic Empowerment Act, 53 of 2003;

4.5.1.2 good corporate citizenship including the Company's:

4.5.1.2.1 promotion of equality, prevention of unfair discrimination, and reduction of corruption;

4.5.1.2.2 contribution to development of communities in which its activities are predominantly conducted or within which its products or service are predominantly marketed; and

4.5.1.2.3 record of sponsorships, donations and charitable givings;

4.5.1.3 the environment, health and public safety, including the impact of the Company's activities and of its products or services;

4.5.1.4 relationships with all Stakeholders, including but not limited to consumers, including the Company's advertising, public relations and compliance with consumer protection laws; and

- 4.5.1.5 labour and employment, including:
 - 4.5.1.5.1 the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
 - 4.5.1.5.2 the Company's employment relationships, and its contribution towards the educational development of its employees;
- 4.5.2 to draw matters within its mandate to the attention of the Board as occasion requires;
- 4.5.3 to report annually to the shareholder of the Company at the annual general meeting on matters within its mandate.

5. Transformation

- 5.1 The Company is committed to transformation as envisaged in relevant legislation, regulations and governmental policies. The following statements form the basis of the business strategy to ensure transformation of the Company.
- 5.2 The Company is committed to creating a culture in which Black Economic Empowerment compliance can be developed. In order to achieve this, it is confirmed that the Company will use the Transformation Scorecard of the Broad-Based Black Economic Empowerment Act, 53 of 2003.
- 5.3 The Committee's scope of focus will be guided by the following:
 - 5.3.1 triple bottom line reporting requirements as described in the JSE Limited's Socially Responsible Investment ("**SRI**") index;
 - 5.3.2 King III principles;
 - 5.3.3 the Company's sustainability commitments as described in the Group's annual sustainability reports from time to time;
 - 5.3.4 the Company's sustainability risks as described in the Group's risk register;

- 5.3.5 Broad-based Black Economic Empowerment ("**BBBEE**") requirements as described in the Department of Trade and Industry's Generic Scorecard and associated Codes of Good Practice;
 - 5.3.6 the Company's transformation commitments as described in the BBBEE plans;
 - 5.3.7 environmental commitments as described in the Company's environmental policy framework; and
 - 5.3.8 Corporate Social Investment ("**CSI**") commitments as described in the Company's CSI policy.
- 5.4 The Committee will:
- 5.4.1 provide advice about sustainability trends and issues and the relevance of these for sustainability practice in the Group;
 - 5.4.2 assist with the identification and appropriate management of sustainability risks that may impact on the sustainability of the business and/or the good reputation of the Group;
 - 5.4.3 provide guidance on the desired scope and objectives of the Company's business sustainability process;
 - 5.4.4 provide guidance on the initiatives required to maintain the Company's SRI index listing;
 - 5.4.5 provide guidance on the initiatives required to demonstrate meaningful commitment to BBBEE and transformation;
 - 5.4.6 provide guidance on the policy framework that is required to promote good sustainability practice, including environmental, CSI, BBBEE, and stakeholder engagement policies;
 - 5.4.7 be informed of sustainability risks recorded in the Group's risk register and provide related input to the Audit and Risk Committee;
 - 5.4.8 monitor the quality of stakeholder relationships with particular emphasis on important groupings included staff, supplier, community and government relationships;

- 5.4.9 review and monitor progress toward achievement of sustainability objectives as described in the Group's annual sustainability report from time to time;
- 5.4.10 review and monitor progress toward achievement of BBBEE scorecard targets;
- 5.4.11 review and monitor progress toward achievement of transformation objectives;
- 5.4.12 review and monitor compliance with relevant legislation, e.g. employment, equity, environment etc;
- 5.4.13 review audits performed by independent parties in relation to transformation and sustainability;
- 5.4.14 review and monitor implementation of the Groups' sustainability policy framework; and
- 5.4.15 ensure full, relevant and useful disclosure of the above policies, practices, achievements and concerns or risks in the Group's sustainability reporting;
- 5.4.16 evaluate the Company's sustainable management practices in terms of four criteria. These are suitability of:
 - 5.4.16.1 objectives associated with each sustainable initiative;
 - 5.4.16.2 structure to achieve objectives;
 - 5.4.16.3 systems and controls to track achievements of objectives; and
 - 5.4.16.4 incentives to promote executive commitment to the objectives.

6. Meeting Procedures

- 6.1 Meetings of the Committee shall be held as frequently as the Committee considers appropriate. However, meetings shall be held at least bi-annually.
- 6.2 Invitees to any meetings shall not have a vote.

- 6.3 The secretary shall circulate minutes of meetings of the Committee to the Board at the meeting following the Committee meeting.
- 6.4 Membership of the Committee should be contained in the annual report and the Chairman of the Committee should be available to the annual general meeting to answer questions.
- 6.5 At the request of the Chairman, the secretary shall prepare an agenda for the next meeting, which will incorporate the minutes of the previous meeting held.

7. Remuneration

- 7.1 Members of the Committee will (unless specifically waived in writing) receive annual fees as members of Board committees. Fees may also be paid for authorised time spent on other Group activities outside of Board or committee forums.
- 7.2 Members' remuneration will be advised to shareholders in the Annual Report and the basis of members' remuneration for the forthcoming year or periods will be put to shareholders for approval.

8. Evaluation

Annually the Committee shall perform a self-assessment. These findings, together with the Chairmen's formal responses, shall be tabled to the Board.