

## MASSMART HOLDINGS LIMITED

### NOMINATION 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  | <b>"Annual Report"</b> | the integrated annual report of the Company from time to time;   |
| 1.2  | <b>"Board"</b>         | the Board of Directors of the Company as constituted from time to time in accordance with the MOI;   |
| 1.3  | <b>"Board Charter"</b> | the charter of the Board as amended or replaced from time to time;   |
| 1.4  | <b>"CEO"</b>           | the chief executive officer of the Company from time to time;  |
| 1.5  | <b>"CFO"</b>           | the Group Chief Financial Officer of the Company from time to time;  |
| 1.6  | <b>"Chairman"</b>      | the chairman of the Committee from time to time;   |
| 1.7  | <b>"Charter"</b>       | this nomination committee charter as amended or replaced from time to time;  |
| 1.8  | <b>"Committee"</b>     | the nomination committee of the Company as constituted in terms of this Charter;   |
| 1.9  | <b>"Companies Act"</b> | the Companies Act, 71 of 2008 and any regulations published thereunder, all as amended or replaced from time to time;                                    |
| 1.10 | <b>"Company"</b>       | Massmart Holdings Limited, registration number 1940/014066/06, a public company incorporated and registered in accordance with the laws of South Africa; |
| 1.11 | <b>"Directors"</b>     | the directors of the Company from time to time;  |

- 1.12        **"General Counsel"**            the general counsel of the Company from time to time;
- 1.13        **"Group"**                            the Company and its subsidiaries from time to time;
- 1.14        **"King Report"**                    the King IV Report on Corporate Governance for South Africa 2016;
- 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        **"Remuneration Committee"**        the remuneration committee of the Company.

## 2. Introduction

- 2.1        The purpose of the Committee is to oversee the process for nominating, electing and appointing Directors to the Board, succession planning of the Board and executive management and evaluation of the performance of the Board and executive management in support of the Group's short, medium and long term strategic objectives.
- 2.2        This Charter aims to ensure that the Committee is compliant with the Companies Act, the recommendations of the King Report and the Listings Requirements.
- 2.3        The Committee shall act in accordance with its statutory duties and the delegated authority of the Board.

## 3. Composition

- 3.1        The Committee shall be appointed by the Board and shall consist of a minimum of three non-executive directors of the Company, of whom the majority shall be independent.
- 3.2        The chairperson of the Committee should be an independent non-executive director. The Chairperson of the Board should also be chairperson of the Committee (as contemplated in the Code).
- 3.3        The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

- 3.4 The Committee, in carrying out its tasks under this Charter, may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties.
- 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 delegation of authority to the Committee is documented in the Board Charter and the relevant resolution authorising same.

##### 4.1 **Committee Responsibilities**

- 4.1.1 The nominations functions of the Committee shall include exercising oversight over, and assisting the Board with:
- 4.1.1.1 identifying candidates for election to the Board and generally making recommendations on the composition of the Board with respect to race, gender and the balance between executive, non-executive and independent non-executive members appointed to the Board, as well as acknowledging the specialist or industry-specific skills required by the Group and whether the candidate meets the appropriate fit and proper criteria;
  - 4.1.1.2 formulating succession plans for the approval of the Board for the appointment of new Directors in line with the race and gender targets for the Board, set by the Board (which plan should include the identification, mentorship and development of future candidates);
  - 4.1.1.3 ensuring that candidates' backgrounds are independently investigated and that their qualifications are verified;
  - 4.1.1.4 recommending Directors who are retiring by rotation, for re-election, taking into account the performance of and contribution made by the relevant Director(s);
  - 4.1.1.5 monitoring principles of governance and codes of best practice in respect of Board composition and process;
  - 4.1.1.6 ensuring that the Board is appropriately composed to execute its duties effectively;

- 4.1.1.7 the induction, on-going training and professional development of Directors;
  - 4.1.1.8 finding and recommending to the Board a replacement for the CEO when that becomes necessary;
  - 4.1.1.9 evaluating the performance of the Board;
  - 4.1.1.10 reviewing the capabilities of executive management required in relation to the Group's strategic, operating and financial objectives; and
  - 4.1.1.11 identifying and recruiting executive talent.
- 4.1.2 The Committee must assist the Board to ensure that the achievement of the strategies, operating plans and financial objectives of the Group are supported by appropriate executive recruitment and succession strategies which take account of:
- 4.1.2.1 the stage in the Company's life cycle and the executive capabilities appropriate for that stage;
  - 4.1.2.2 the present and future posts which need to be filled to mitigate risk;
  - 4.1.2.3 the availability of individuals to fill such posts;
  - 4.1.2.4 the cost and composition of remuneration packages paid to individuals holding comparable positions in the retail and wholesale industry or other industries as appropriate, as advised by the Company's Remuneration Committee; and
  - 4.1.2.5 the time required to recruit, induct, inculcate and train individuals to be fully effective in new positions.

## 4.2 Disclosures

- 4.2.1 The Committee shall disclose the following in the Annual Report:
- 4.2.1.1 its overall role and associated responsibilities and functions;
  - 4.2.1.2 its composition, including each member's qualifications and experience;
  - 4.2.1.3 any external advisors or invitees who regularly attend Committee meetings;

- 4.2.1.4 key areas of focus during the reporting period;
- 4.2.1.5 the number of meetings held during the reporting period and attendance at those meetings;
- 4.2.1.6 whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with this Charter for the reporting period.

## 5. Meeting Procedures

The meetings and proceedings of the Committee shall be governed *mutatis mutandis*, by the provisions of the MOI regulating meetings of Directors.

### 5.1 Frequency

- 5.1.1 The Committee shall meet at least three times per year or more frequently as the Committee or circumstances may dictate.
- 5.1.2 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 CFO or any Director.

### 5.2 Attendance

- 5.2.1 The quorum for decisions of the Committee will be any two members present throughout the meeting of the Committee.
- 5.2.2 The Chairman, in his/her discretion, should invite such executives, employees of the Company and/or third parties, including independent experts, as appropriate, to attend meetings of the Committee and, as appropriate, provide insights in relation to their areas of expertise.
- 5.2.3 If the nominated chairperson of the Committee is not present within 15 (fifteen) minutes of the scheduled time for commencement of a meeting or is unable to attend a meeting, the members present shall elect one of the members present to act as chairperson.
- 5.2.4 Every member of the Board is entitled to attend the meetings of the Committee as an observer. However if that Board member is not a member of the Committee, then he or she is not entitled to participate without the consent of the Chairman, does not have a vote and is not entitled to fees for such attendance, unless payment of fees is agreed to by the Board and the Company's shareholders..

### 5.3 **Agenda and minutes**

- 5.3.1 The General Counsel, Company secretary, or any executive nominated by the Chairman from time to time shall be the secretary of the Committee.
- 5.3.2 The Company Secretary shall prepare and circulate the minutes of the meetings of the Committee to all members of the Committee, and the Board.
- 5.3.3 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.

### 5.4 **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 Remuneration in terms of this clause 6 shall be in addition to the fees payable to Directors for their service on the Board.
- 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. Confidentiality

- 7.1 Subject to the paragraph below, all information in whatever form and howsoever obtained by members of the Committee in the course of serving as members of the Committee (Confidential Information) must be kept confidential and members of the Committee must not disclose any of the Confidential Information within their knowledge or possession in any manner to any person, company or other entity (Person).
- 7.2 The provisions of the paragraph above shall not apply to Confidential Information:
- 7.3 which was in the public domain prior to its disclosure to the relevant member of the Committee or subsequently came to be in the public domain in any way otherwise than by the wrongful disclosure by such member of the Committee;
- 7.4 which is disclosed directly or indirectly by the relevant member of the Committee to any Person who is a director, employee, agent, consultant, adviser or contractor of or to the Company, as the case may be, whose knowledge or possession of such Confidential Information is necessary for that Person to perform their particular functions; or
- 7.5 the disclosure of which is required by any applicable law, by an order of Court or by the rules of any securities exchange on which the Company's shares are listed or by any other regulatory body to which the Company is subject.

## 8. Evaluation

- 8.1 This Charter will be reviewed annually by the Committee and the Board.
- 8.2 The Committee shall undertake annual internal self-assessments, which shall include assessments of the Chairman by the rest of the Committee. The Chairman shall report back to the Board in respect of such assessments.
- 8.3 The Committee shall annually determine the process for Board and other Massmart committee performance evaluations considering the application and recommendation of King IV that such process be conducted externally every third year.