

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:

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	"Board Charter"	the charter of the Board as amended or replaced from time to time;
1.4	"CEO"	the chief executive officer of the Company from time to time;
1.5	"CFO"	the Group Chief Financial Officer of the Company from time to time;
1.6	"Chairman"	the chairman of the Committee from time to time;
1.7	"Charter"	this remuneration committee charter as amended or replaced from time to time;
1.8	"Committee"	the remuneration committee of the Company;
1.9	"Companies Act"	the Companies Act, 71 of 2008 and any regulations published thereunder, all as amended or replaced from time to time;
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	"Directors"	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	"Listings Requirements"	the listings requirements of the JSE Limited, as amended or replaced from time to time;
1.16	"MOI"	the memorandum of incorporation of the Company adopted in compliance with the Companies Act, as amended or replaced from time to time; and
1.17	"Stakeholders"	any group affected by, and affecting, the Company's operations.

2. Constitution

- 2.1 The board of directors (Board) of the Company acknowledges the need for a remuneration committee as recommended in the King IV Report on Corporate Governance for South Africa (King IV or the Code), and as required in terms of the listings requirements of the JSE Limited, as amended from time to time (the Listings Requirements). The remuneration committee of the Company (the Committee) is constituted as a committee of the Board in accordance with the Company's memorandum of incorporation (MOI).
- 2.2 In the event of any conflicts between this Charter and the MOI, the MOI will prevail.
- 2.3 Terms used but not defined herein shall have the meaning ascribed to such terms in the MOI, the Companies Act, No. 71 of 2008, as amended from time to time (the Companies Act), the Listings Requirements and/or the Code, as applicable.
- 2.4 It is recorded that the Committee is established as a committee of the Board, the Company and its subsidiaries, (Group), and the Committee will act accordance

with its statutory duties and the delegated authority of the Board as recorded in this Charter.

- 2.5 The duties and responsibilities of the members of the Committee as set forth in this document are in addition to those duties and responsibilities that they have as members of the Board.
- 2.6 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.
- 2.7 This Charter is subject to the provisions of the Companies Act, the MOI, the Listings Requirements and any other applicable law or regulatory provision, in each case, as amended or substituted from time to time. The Committee shall also be required to conduct itself in accordance with the applicable recommendations contained in the Code.
- 2.8 In the execution of their duties, Committee members must apply the “Standards of conduct of directors” as set forth in section 76 of the Companies Act and “Directors’ personal financial interests” as set forth in section 75 of the Companies Act.
- 2.9 The Committee will have due regard to the principles of governance and codes of best practice.

3. Introduction

- 3.1 The purpose of of this Charter is to set forth the Committee’s roles and responsibilities to assist the Board to discharge its responsibilities to ensure that directors and executives are fairly and responsibly remunerated and remuneration policies are set in the Company’s long-term interests. The Committee considers and recommends remuneration policies for all levels in the Company, as well as the requirements for its composition and meeting procedures
- 3.2 The purpose of the Committee is to oversee a formal and transparent procedure for developing and implementing a fair and responsible policy on remuneration that enables the Group to create value over the short, medium and long term.

- 3.3 The remuneration policy should be designed to achieve the following objectives:
- 3.3.1 to attract, motivate, reward and retain top talent on a Group-wide basis as required for the execution of the Group's short and long-term strategy thereby driving sustainable performance within the Group;
 - 3.3.2 to promote the achievement of strategic objectives within the Group's risk appetite;
 - 3.3.3 to promote positive outcomes; and
 - 3.3.4 to promote an ethical culture and responsible corporate citizenship.
- 3.4 The Committee shall assist the Board to fulfil its responsibility to all Stakeholders by making recommendations on the remuneration of the Group's employees, as well as the fees of non-executive members of the Board, in support of the Group's strategic objectives.
- 3.5 This Charter aims to ensure that the Committee is compliant with the Companies Act, the recommendations of the King Report and the Listings Requirements.
- 3.6 The Committee shall act in accordance with its statutory duties and the delegated authority of the Board.

4. **Composition**

- 4.1 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.
- 4.2 The Chairman shall be an independent non-executive director (as contemplated in the Codes). The chair of the Board may be a member of the Committee but should not be the chair of the Committee.
- 4.3 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties
- 4.4 The term of office of the Committee shall be one year, and the Board will review its composition and chairmanship annually.

- 4.5 The Committee, in carrying out its tasks under this Charter of reference, may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties.

5. 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.

5.1 Committee Responsibilities

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

- 5.1.1 development and maintenance of a remuneration policy which, *inter alia*, sets out:
- 5.1.1.1 arrangements for ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the Group;
 - 5.1.1.2 the use of performance measures that support positive outcomes across the economic, social and environmental context in which the Group operates;
 - 5.1.1.3 the voting by shareholders on the remuneration policy and implementation report, and the implementation of related measures to address various outcomes of such votes,
- which 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;
- 5.1.2 review, guide drafting of and approve the form for submission to the Board of a remuneration report to be included in the Annual Report in accordance with the requirements of the King Report, as set out in clause 6 below;
- 5.1.3 ensuring that the implementation and execution of the Group's remuneration policy achieves the policy's objectives;

- 5.1.4 review of all the benefits, remuneration, incentive and share scheme policies for all employees and non-executive directors in the Group to ensure that;
 - 5.1.4.1 the base salary is competitive and fair;
 - 5.1.4.2 short-term and long-term incentives are equitably related to qualitative and quantitative performance indicators;
 - 5.1.4.3 grant of shares/options are equitable and compliance with company policy, regulatory and legal requirements, and are properly disclosed;
 - 5.1.4.4 service agreements do not exceed three years without Board and shareholder approval;
- 5.1.5 annual evaluation of senior executives' salary packages against:
 - 5.1.5.1 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
 - 5.1.5.2 the extent to which executives have met their performance targets, goals and objectives;
- 5.1.6 recommendation for approval by the Board of performance incentives that are consistent with the Group's overall objectives and compensation policy and reflective of market trends;
- 5.1.7 review of the Group's retirement plans and medical schemes;
- 5.1.8 recommendation of non-executive Directors' and Board committee members' fees;
- 5.1.9 determination of the Company's policies regarding the various components and mix of compensation, incentivisation and wealth creation;
- 5.1.10 engagement with shareholders in order to address and align any concerns raised by shareholders in as far as the Remuneration Policy and the Implementation Report;

5.1.11 updating the Share Plan Rules in compliance with Schedule 14 of the JSE Listing Requirements and obtain approval from the JSE; and

5.1.12 determination of the cost of executive compensation to the Company relative to short, medium and long terms performance.

5.2 Disclosures

5.2.1 The Committee shall ensure that it discloses the following in the Annual Report:

5.2.1.1 its overall role and associated responsibilities and functions;

5.2.1.2 its composition, including each member's qualifications and experience;

5.2.1.3 any external advisors or invitees who regularly attend Committee meetings;

5.2.1.4 key areas of focus during the reporting period;

5.2.1.5 the number of meetings held during the reporting period and attendance at those meetings;

5.2.1.6 whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with this Charter of reference for the reporting period.

6. Remuneration Report

6.1 The Committee shall ensure that the remuneration report prepared for the Board's consideration and inclusion in the Annual Report discloses, in three parts:

6.1.1 a background statement;

6.1.2 an overview of the main provisions of the remuneration policy; and

6.1.3 an implementation report which contains details of all remuneration awarded to individual members of the Board and executive management during the reporting period.

- 6.2 The background statement should briefly provide context for remuneration considerations and decisions, with reference to:
- 6.2.1 internal and external factors that influenced remuneration;
 - 6.2.2 the most recent results of voting on the remuneration policy and the implementation report and the measures taken in response thereto;
 - 6.2.3 key areas of focus and key decisions taken by the Committee during the reporting period, including any substantial changes to the remuneration policy;
 - 6.2.4 whether remuneration consultants have been used, and whether the Committee is satisfied that they were independent and objective;
 - 6.2.5 the views of the Committee on whether the remuneration policy achieved its stated objectives; and
 - 6.2.6 future areas of focus.
- 6.3 The overview of the main provisions of the remuneration policy should address the objectives of the policy and the manner in which it seeks to accomplish them, including:
- 6.3.1 the remuneration elements and design principles informing the remuneration arrangements for executive management and, at a high level, for other employees;
 - 6.3.2 details of any obligations in executive or senior management employment contracts which could give rise to payments on termination of employment or office;
 - 6.3.3 details of any restraint of trade provisions embedded in executive or senior management employment contracts which could give rise to payments on termination of employment or office;
 - 6.3.4 details of any malus or clawback applications imposed on executive or senior management and comprehensive details regarding the basis for the: (a) malus or (b) clawback and setting out the amounts and percentage of the remuneration to be clawed back by the Group;

- 6.3.5 a description of the framework and performance measures used to assess the achievement of strategic objectives and positive outcomes, including the relative weighting of each performance measure and the period of time over which it is measured;
- 6.3.6 an illustration of the potential consequences on the total remuneration for executive management, on a single, total figure basis, of applying the remuneration policy under minimum, on-target and maximum performance outcomes;
- 6.3.7 an explanation of how the policy addresses fair and responsible remuneration for executive management in the context of overall employee remuneration;
- 6.3.8 the use and justification of remuneration benchmarks;
- 6.3.9 the basis for the setting of fees for non-executive directors;
- 6.3.10 a reference to an electronic link to the full remuneration policy for public access;
- 6.4 The implementation report, which shall include the remuneration disclosure in terms of the Companies Act, should reflect the following:
 - 6.4.1 the remuneration of each member of executive management, which should include in separate tables:
 - 6.4.1.1 a single, total figure of remuneration, received and receivable for the reporting period, and all the remuneration elements that it comprises, each disclosed at fair value;
 - 6.4.1.2 the details of all awards made under variable remuneration incentive schemes in the current and prior years that have not yet vested, including the number of awards; the values at date of grant; their award, vesting and expiry dates (where applicable); and the fair value at the end of the reporting period; and
 - 6.4.1.3 the cash value of all awards made under variable remuneration incentive schemes that were settled during the reporting period.

- 6.4.2 an account of the performance measures used and the relative weighting of each, as a result of which awards under variable remuneration incentive schemes have been made, including:
- 6.4.2.1 the targets set for the performance measures and the corresponding value of the award opportunity; and
 - 6.4.2.2 for each performance measure, how the Company and executive managers, individually, performed against the set targets.
- 6.4.3 separate disclosure of, and reasons for, any payments made on termination of employment or office;
- 6.4.4 a statement regarding compliance with, and any deviations from, the remuneration policy.

7. Authority

- 7.1 The Committee acts in terms of the delegated authority of the Board as recorded in this Charter. It has the power to investigate any activity within the scope of this Charter.
- 7.2 It has the power to investigate any activity within the scope of its Charter, at the Group's cost.
- 7.3 The Committee, in the fulfilment of its duties, may call upon the chairpersons of the other Board committees, any of the executive directors, officers or Company

secretary to provide it with information, subject to following a Board approved process.

7.4 The Committee has reasonable access to the Group's records, facilities and any other resources necessary to discharge its duties and responsibilities.

7.5 The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

7.6 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at Group's cost, subject to following a Board approved process.

7.7 The Committee makes the recommendations to the Board that it deems appropriate on any area within the ambit of its Charter where action or improvement is required.

8. **Delegation of duties and responsibilities**

8.1 The Committee may delegate any of its duties or responsibilities, as it deems appropriate, to any of its members or a sub-committee of its members, to such other persons, subject to the Committee's direction and supervision, and with the express condition that the Committee retains full and exclusive authority over any activities of such other person or persons. Nothing contained in this paragraph shall be construed to confer upon any such person any discretion, authority or control in respect of any matter, unless expressly authorised in writing.

9. **Meeting Procedures**

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

9.1 **Frequency**

9.1.1 The Committee shall meet at least four times per year or more frequently as the Committee or circumstances may dictate.

9.1.2 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.

9.2 Attendance

- 9.2.1 The quorum for decisions of the Committee will be any two members present throughout the meeting of the Committee.
- 9.2.2 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.
- 9.2.3 The Chairman, in his/her discretion, should invite such executives, employees of the Company and/or third parties, including independent experts and any other senior executives and professional advisors as deemed appropriate to attend meetings of the Committee and, as appropriate, provide insights in relation to their areas of expertise.
- 9.2.4 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.

9.3 Agenda and minutes

- 9.3.1 The General Counsel, Company secretary, or any executive nominated by the Chairman from time to time shall be the secretary of the Committee.
- 9.3.2 The Company Secretary shall prepare and circulate the minutes of the meetings of the Committee to all members of the Committee, and the Board.
- 9.3.3 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.

9.4 **Reporting**

9.4.1 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.

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

10. **Remuneration**

10.1 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.

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

10.3 Remuneration in terms of this clause 10 shall be in addition to the fees payable to Directors for their service on the Board.

10.4 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.

11. **Confidentiality**

11.1 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).

11.2 The provisions of the paragraph above shall not apply to Confidential Information:

11.3 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;

11.4 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

11.5 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.

12. Evaluation

12.1 This Charter will be reviewed annually by the Committee and the Board.

12.2 The Committee shall undertake annual 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.