

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:

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	"CCO"	the chief ethics and compliance officer of the company from time to time;
1.5	"CEO"	the chief executive officer of the Company from time to time;
1.6	"CFO"	the chief finance officer of the Company from time to time;
1.7	"COO"	the chief operating officer of the Company from time to time;
1.8	"Chairman"	the chairman of the Committee from time to time;
1.9	"Charter"	this risk committee charter as amended or replaced from time to time;
1.10	"Committee"	the risk committee of the Company as constituted in terms of this Charter;
1.11	"Companies Act"	the Companies Act, 71 of 2008 and any regulations published thereunder, all as amended or replaced from time to time;

- 1.12 **"Company"** Massmart Holdings Limited, registration number 1940/014066/06, a public company incorporated and registered in accordance with the laws of South Africa;
- 1.13 **"Company Secretary"** the company secretary of the Company from time to time;
- 1.14 **"COO"** the chief operating officer of the Company from time to time;
- 1.15 **"Directors"** the directors of the Company from time to time;
- 1.16 **"General Counsel"** the general counsel of the Company from time to time;
- 1.17 **"Group"** the Company and its subsidiaries from time to time;
- 1.18 **"King Report"** the King Report on Corporate Governance for South Africa 2016;
- 1.19 **"Listings Requirements"** the listings requirements of the JSE Limited, as amended or replaced from time to time; and
- 1.20 **"MOI"** the memorandum of incorporation of the Company adopted in compliance with the Companies Act, as amended or replaced from time to time.

2. Introduction

- 2.1 The Board of the Company acknowledges the need for a risk 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 risk 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 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 anticipate and identify risk, measure its potential impact and then activate steps it believes necessary to proactively manage these risks.

- 2.3 In the event of any conflicts between this Charter and the MOI, the MOI will prevail.
- 2.4 Terms used but not defined herein shall have the meaning ascribed to such terms in the MOI, the Companies Act, and the Listings Requirements of the JSE Limited, as amended from time to time (the Listings Requirements), as applicable.
- 2.5 It is recorded that the Committee is established as a committee of the Board, the Company and its subsidiaries, if any, Group, and the Committee will act accordance with its statutory duties and the delegated authority of the Board as recorded in this Charter.
- 2.6 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.
- 2.7 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.

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, provided that a majority of the members are non-executive Directors.
- 3.2 The Chairman shall be appointed by the Board. The Chairman shall have the requisite business, risk management experience 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 in the context of a changing risk environment.
- 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 General

4.1.1 The Committee is authorised by the Board to investigate any activity within this Charter. 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 Committee is established to assist the Board in:

4.1.3.1 developing and maintaining a policy that sets out its approach to risk in the context of achieving the Company's stated strategy and in line with *inter alia* Principles 11, 12, 13 and 15 of the King Report.

4.1.3.2 from time to time evaluating the effectiveness of the Company's policy and plans for risk management so that the Company's ability to achieve its strategic objectives, internal controls and control processes is enhanced;

4.1.3.3 determining from time to time what independent assurance is needed to manage and mitigate risk across the Company, including in relation to compliance, tax, information technology and financial controls; and

4.1.3.4 addressing statutory and regulatory issues.

4.1.4 The Committee shall not perform any management functions or assume any management or Board responsibilities, but shall have an independent oversight role and shall submit recommendations as appropriate to the Board for approval or further 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 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 controls.

4.2 Committee responsibilities

- 4.2.1 The Committee will oversee the development and annual review of the Group's risk management policy, processes 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 in regard to
- 4.2.6.1 risk appetite; and
- 4.2.6.2 risk monitoring such that risks are managed within the risk appetite framework 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 may significantly impact 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 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 which satisfies optimal risk management at all times and supports the Company's governance reporting requirements.

4.3 Disclosures

The Committee shall disclose the following in the Annual Report:

- 4.3.1 its overall role and associated responsibilities and functions;
- 4.3.2 its composition, including each member's qualifications and experience;
- 4.3.3 any external advisors or invitees who regularly attend committee meetings;
- 4.3.4 its key areas of focus during each reporting period;
- 4.3.5 the number of meetings held during each reporting period and attendance at those meetings;
- 4.3.6 whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with this Charter for the reporting period.

5. Authority

- 5.1 The Committee acts in terms of the delegated authority of the Board as recorded this Charter. It has the power to investigate any activity within the scope of this Charter.
- 5.2 It has the power to investigate any activity within the scope of its Charter, at the Group's cost.
- 5.3 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.
- 5.4 The Committee has reasonable access to the Group's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 5.5 The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

- 5.6 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.
- 5.7 The Committee makes the recommendations to the Board that it deems appropriate on any area within the ambit of this Charter where action or improvement is required.

6. Meeting Procedures

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

6.1 Frequency

- 6.1.1 The Committee shall meet at least three times per year or more frequently as the Committee or circumstances may dictate.
- 6.1.2 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 COO, the CFO or any Director.

6.2 Attendance

- 6.2.1 The quorum for decisions of the Committee will be any two members present throughout the meeting of the Committee.
- 6.2.2 The Chairman, in his/her discretion, should invite such executives, employees of the Company and / or third parties, including independent risk management experts, as appropriate, to attend meetings of the Committee and, as appropriate, provide insights in relation to their areas of expertise.
- 6.2.3 If the nominated Chairman 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 Chairman.
- 6.2.4 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.

6.3 **Agenda and minutes**

6.3.1 The General Counsel, Company Secretary, or any executive nominated by the Chairman from time to time, shall be the secretary of the Committee.

6.3.2 The Company Secretary shall prepare and circulate the minutes of the meetings of the Committee to all members of the Committee, and the Board.

6.3.3 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.

6.4 **Reporting**

6.4.1 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.

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

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 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.

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

7.3 Remuneration in terms of this clause 7 shall be in addition to the fees payable to Directors for their service on the Board.

7.4 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.

8. Confidentiality

- 8.1 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).
- 8.2 The provisions of the paragraph above shall not apply to Confidential Information:
- 8.3 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;
- 8.4 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
- 8.5 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.

9. Evaluation

- 9.1 This Charter will be reviewed annually by the Committee and the Board.
- 9.2 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.