

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 integrated report of the Company from time to time; |
| 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 | "BBBEE Act" | the Broad-Based Black Economic Empowerment Act, 53 of 2003 and any regulations published thereunder, all as amended or replaced from time to time; |
| 1.4 | "Board" | the Board of Directors of the Company as constituted from time to time in accordance with the Articles; |
| 1.5 | "Board Charter" | the charter of the Board as amended or replaced from time to time; |
| 1.6 | "CFO" | the Chief Financial Officer of the Company; |
| 1.7 | "Chairman" | the chairman of the Committee from time to time; |
| 1.8 | "Charter" | this social and ethics committee charter as amended or replaced from time to time; |
| 1.9 | "Committee" | the social and ethics committee of the Company as constituted in terms of this Charter; |

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| 1.10 | "Companies Act" | the Companies Act, 71 of 2008 and any regulations published thereunder, all as amended or replaced from time to time; |
| 1.11 | "Company" | Massmart Holdings Limited, registration number 1940/014066/06, a public company incorporated and registered in accordance with the laws of South Africa; |
| 1.12 | "Directors" | the directors of the Company from time to time; |
| 1.13 | "General Counsel" | the general counsel of the Company from time to time; |
| 1.14 | "Group" | the Company and its subsidiaries from time to time; |
| 1.15 | "King Report" | the King IV Report on Corporate Governance for South Africa 2016, |
| 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. 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 its regulations passed in terms of the Companies Act, as well as the King Report.
- 2.2 The Committee will operate independently of management and will be free of any organisational restraint or pressure.

- 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.
- 2.8 The Board has oversight responsibility and the Committee assists the Board in fulfilling its responsibility.
- 2.9 Furthermore, as transformation forms an integral part of the business strategy of the Group 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 Group. 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 Group to discharge its transformation and business sustainability responsibility with respect to the implementation of practices that are consistent with good corporate citizenship and which support the Group's short, medium and long term strategic objectives.

3. Composition

- 3.1 The Committee is 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 three Directors, provided that a majority of the members of the Committee are non-executive Directors, of whom at least one must be 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 Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties.
- 3.5 The Board must fill vacancies on the Committee within 40 (forty) days after the vacancy arises.
- 3.6 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.
- 3.7 The Committee members are required to keep up-to-date with developments affecting the required skill-set.
- 3.8 The company secretary of the Company, as appointed by the Board, or such other person as the Committee may appoint, shall be the secretary to the Committee.
- 3.9 The term of office of the Committee shall be one year, and the Board will review its composition and chairmanship annually.

4. Roles and responsibilities of the Committee

- 4.1 The Committee is authorised by the Board to investigate any activity within its terms of reference.

4.2 The Committee is further entitled to:

- 4.2.1 require from any Director or prescribed officer in the Group any information or explanation necessary for the performance of the Committee's functions;
- 4.2.2 request from any other employee in the Group any information or explanation necessary for the performance of the Committee's functions;
- 4.2.3 attend any general shareholders meeting;
- 4.2.4 receive all notices of and other communications relating to any general shareholders meeting;
- 4.2.5 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.

4.3 Further, the Committee is:

to monitor the Group's activities, having regard to the relevant Company policies, any relevant legislation, other legal requirements or prevailing codes of best practice with regard to matters relating to:

- 4.3.1.1 good ethical conduct with reference to the Group's code of ethical conduct, related policies and accepted best practice;
- 4.3.1.2 social and economic development, including the Group's standing in terms of the goals and purposes of:
 - 4.3.1.2.1 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	Description
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 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

- 4.3.1.2.2 the Organisation for Economic Co-operation and Development recommendations regarding corruption;
- 4.3.1.2.3 the Employment Equity Act, 55 of 1998;
- 4.3.1.2.4 the BBBEE Act;
- 4.3.1.3 good corporate citizenship including the Group's:
 - 4.3.1.3.1 promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - 4.3.1.3.2 contribution to development of communities in which its activities are predominantly conducted or within which its products or service are predominantly marketed; and
 - 4.3.1.3.3 record of sponsorships, donations and charitable givings;
- 4.3.1.4 the environment, health and public safety, including the impact of the Group's activities and of its products or services;
- 4.3.1.5 relationships with all Stakeholders, including but not limited to consumers, including the Group's advertising, public relations and compliance with consumer protection laws; and

- 4.3.1.6 labour and employment, including:
 - 4.3.1.6.1 the Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions;
 - 4.3.1.6.2 the Group's employment relationships, and its contribution towards the educational development of its employees; and
 - 4.3.1.6.3 the Group's remuneration practices with specific reference to social considerations including: fair wage determination; minimum wage levels; equal work for equal pay and average wage gap;
- 4.3.2 to draw matters within its mandate to the attention of the Board and the appropriate committees of the Board, such as the Risk Committee and the Remuneration Committee, as occasion requires;
- 4.3.3 entitled through the Chairman of the Committee serving as a member of the Remuneration Committee, to exercise oversight over social aspects of the Company's remuneration policy; and
- 4.3.4 to report annually to the shareholders of the Company at the annual general meeting on matters within its mandate.

5. Transformation

- 5.1 The Group 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 Group.
- 5.2 The Group is committed to creating a culture in which compliance with the BBBEE Act is encouraged. In order to achieve this, it is confirmed that the Group will use the transformation scorecard of the BBBEE Act.
- 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 Report principles and practices;
- 5.3.3 the Company's social and environmental sustainability commitments as described in the Group's annual sustainability reports from time to time;
- 5.3.4 the Company's social and environmental sustainability risks as described in the Group's risk register;
- 5.3.5 the Company's ethics and anti-corruption commitments as covered in related ethics and anti-corruption policies including matters raised with the Company's ethics line;
- 5.3.6 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;
- 5.3.7 the Company's transformation commitments as described in the BBBEE plans, including progress towards employment equity targets;
- 5.3.8 environmental commitments as described in the Company's environmental policy framework; and
- 5.3.9 Corporate Social Investment ("**CSI**") commitments as described in the Company's CSI policy.
- 5.4 The Committee will:
 - 5.4.1 provide advice and input with regard to standards of ethical and anti-corruption practice, and ethics incidents as reported to the Company's ethics line;
 - 5.4.2 provide advice and input with regard to labour practice including social aspects of the remuneration policy, relationships with organised labour, employment equity, employee training and career development, statutory and physical conditions of employment, ethical employee management practise, fair treatment and overall organisation climate;
 - 5.4.3 provide advice about sustainability trends and issues, and the relevance of these for sustainability practice in the Group;

- 5.4.4 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;
- 5.4.5 provide guidance on the desired scope and objectives of the Company's business sustainability process;
- 5.4.6 provide guidance on the initiatives required to maintain the Company's SRI index listing;
- 5.4.7 provide guidance on the initiatives required to demonstrate meaningful commitment to BBBEE and transformation;
- 5.4.8 provide guidance on the policy framework that is required to promote good sustainability practice, including environmental, CSI, BBBEE, and stakeholder engagement policies;
- 5.4.9 be informed of sustainability risks recorded in the Group's risk register and provide related input to the Audit and Risk Committee;
- 5.4.10 monitor the quality of stakeholder relationships with particular emphasis on important groupings included staff, supplier, community and government relationships;
- 5.4.11 review and monitor progress toward achievement of sustainability objectives as described in the Group's annual sustainability report from time to time;
- 5.4.12 review and monitor progress toward achievement of BBBEE scorecard targets;
- 5.4.13 review and monitor progress toward achievement of transformation objectives;
- 5.4.14 review and monitor compliance with relevant legislation regarding, amongst others, employment, equity, and the environment;
- 5.4.15 review audits performed by independent parties in relation to transformation and sustainability;

- 5.4.16 review and monitor the implementation of the Groups' sustainability policy framework; and
- 5.4.17 ensure full, relevant and useful disclosure of the above policies, practices, achievements and concerns or risks in the Group's sustainability reporting;
- 5.4.18 evaluate the Company's sustainable management practices in terms of four criteria. These are the suitability of the:
 - 5.4.18.1 objectives associated with each sustainable initiative;
 - 5.4.18.2 structure to achieve objectives;
 - 5.4.18.3 systems and controls to track achievements of objectives; and
 - 5.4.18.4 incentives to promote executive commitment to the objectives.

6. Disclosures:

- 6.1 The Committee shall ensure that it discloses the following in the Annual Report:
 - 6.1.1 its overall role and associated responsibilities;
 - 6.1.2 its composition, including each member's qualifications and experience;
 - 6.1.3 any external advisors or invitees who regularly attend Committee meetings;
 - 6.1.4 key areas of focus during the reporting period;
 - 6.1.5 the number of meetings held during the reporting period and attendance at those meetings; and
 - 6.1.6 whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with its Charter for the reporting period.

7. Authority

- 7.1 The Committee acts in terms of the delegated authority of the Board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.

- 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 **Committee**

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8. Meeting Procedures

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

8.1 Frequency

- 8.1.1 The Committee shall meet at least two times per year or more frequently as the Committee or circumstances may dictate.
- 8.1.2 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.

8.2 Attendance

- 8.2.1 The quorum for decisions of the Committee will be any two members present throughout the meeting of the Committee.

8.2.2 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.

8.2.3 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.

8.2.4 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.

8.3 **Agenda and minutes**

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

8.3.2 The Company secretary or such other nominated executive shall prepare and circulate the minutes of the meetings of the Committee to all members of the Committee, and the Board.

8.3.3 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. Reporting

- 9.1 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.
- 9.2 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 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.
- 10.3 The Chairman shall receive a further fee, determined by the Board, in addition to his remuneration as a member.
- 10.4 Remuneration in terms of this clause 10 shall be in addition to the fees payable to Directors for their service on the Board.

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.