



**MR PRICE GROUP LIMITED**  
**BOARD RISK AND SUSTAINABILITY COMMITTEE**  
**MANDATE**

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**1. Nature:**

- 1.1 The Board Risk and Sustainability Committee (“the Committee”) is a formal sub-committee of the Board of Directors of Mr Price Group Limited (“the Board”) and serves in an advisory capacity to the Board.
- 1.2 The duties and responsibilities of the members of the Committee are in addition to those as a member of the Board.

**2. Composition and quorum:**

- 2.1 The Committee shall consist of not less than four directors of the Board, appointed annually by the Board. A minimum of two executive directors is required.
- 2.2 The heads of Group Risk and Sustainability and Group Internal Audit will always be invited to attend the meetings.
- 2.3 The Board shall appoint the Committee Chairman and members and determine the period for which they shall hold office. The Chairman of the Committee shall always be an independent non-executive director.
- 2.4 The chairman of the Audit Committee is an *ex officio* member of this Committee.
- 2.5 The members of the Committee, as a whole, must have sufficient qualifications and experience to fulfill their duties.
- 2.6 The Chairman, or another designated member of the Committee, shall attend the Board meetings and shall be prepared to answer questions concerning the group risks, risk management and sustainability issues (excluding BBEE as this is the responsibility of the Board Transformation Committee).
- 2.7 A quorum at meetings shall be at least three members personally present or participating via video conference call throughout the meeting.



- 2.8 Any person may be invited to attend meetings of this Committee, either on a permanent or an ad-hoc basis, at the discretion of the Committee. Any director of the Board is entitled to attend such meetings as he/she shall choose. Such invitee or director attendee will not be entitled to take part in the decision-making process of the Committee.

### 3. Purpose of the Committee:

The primary objective of the Committee is to assist the Board to fulfill its corporate governance responsibilities relating to risk management and sustainability.

The role of the Committee is to:

- 3.1 Assist the Board with its risk governance responsibilities by monitoring management's control over enterprise-wide risks, including:
- i. Providing risk management oversight and control;
  - ii. Monitoring the effectiveness of the risk management framework and process; and
  - iii. Reviewing the enterprise-risk management framework annually to improve process deficiencies and add other enhancements.
- 3.2 Liaise with the Board Audit and Compliance Committee to exchange information relevant to risk.
- 3.3 Assist the Board with its sustainability responsibilities by:
- i. Recommending relevant policies for approval;
  - ii. Monitoring the implementation of the policies;
  - iii. Reviewing reports covering all substantive matters relating to sustainability issues;
  - iv. Considering the reporting of sustainable development issues; and
  - v. Advising on all material and relevant issues that have a significant impact on the company and its stakeholders.

### 4. Objectives and Responsibilities:

Operational responsibility remains the responsibility of management and the Mr Price Group Board of Directors and does not reside with the Risk and Sustainability Committee.

The objectives and responsibilities of the committee are:

- 4.1 Oversee the development and implementation of the Mr Price Group Enterprise Risk Management (ERM) Framework:
- Review the ERM Framework (incorporating the adequacy and efficiency of risk policies, procedures and practices),



- Ensure that management creates and maintains an effective process to identify, evaluate and manage risk,
- Review and approve the scope of work of the risk management function, the resources required and the planned activities,
- Review the level of risk awareness through the development and implementation of appropriate procedures, and
- Provide guidance on risk management and risk monitoring.

4.2 Monitor the enterprise risk management process and risks:

- Assist the Board to establish an appropriate risk tolerance and appetite,
- Review, and validate, the prioritised enterprise-wide risk assessment, profile and risk registers, and monitor that risks are managed within the levels of tolerance and appetite as approved by the board,
- Consider risk management reporting and the deliberations of other management and governance committees, including the Board, to ensure appropriate consideration of the risk exposures,
- Understand the key risks and associated opportunities, and monitor the effectiveness of management's responses and any mitigation,
- Review significant events, performance surprises and incidents and understand the root cause and the required actions,
- Review the summary of significant issues raised in reports from assurance providers, understand the cause of any non-compliance and monitor corrective actions,
- Consider new risks that could have a significant financial, strategic, operational or reputational impact,
- Consider the adequacy and appropriateness of the company's insurance cover,
- Consider high impact/ low likelihood risks (contingencies) and review the plans for ongoing monitoring/ testing by assurance providers,
- Review the summary reports prepared by the risk management function and/or other assurance providers regarding the effectiveness of the overall ERM process, the status of corrective actions and the adherence to the ERM Framework,



- Express the Committee's formal opinion to the board on the effectiveness of the system and process of risk management, and
- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

**4.3 Ensure effective reporting, communication and change management:**

- Communicate the importance of effective risk management across the organisation by supporting the board's "tone at the top",
- Report the risk profile, key risks and related actions arising from the divisional board committee meetings to the Board, as appropriate,
- Report high impact/ low likelihood risks (contingencies) and plans for ongoing monitoring/ testing by assurance providers to the board, as appropriate,
- Report on the effectiveness of the ERM process and corrective actions to the Board Audit and Compliance Committee and the Board,
- Report results of the annual risk identification and assessment process,
- Escalate new risks that could have a significant financial, strategic, operational or reputational impact to the Board, and
- Receive the findings of independent evaluations of the effectiveness of the ERM process from the Board Audit and Compliance Committee and communicate the evaluation findings to the Board, together with the recommendations to improve the ERM process.

**4.4 Assist the Board to develop and implement a Sustainability Strategy and appropriate measurement targets:**

- Identify non-financial aspects that are relevant to the business of the group,
- Monitor and report on economic, environmental and social issues, and the ethical conduct of the company, its executives and senior officials,
- Monitor and report on the group's stakeholder engagement initiatives,
- Evaluate management's sustainability initiatives and reporting, and
- Report on sustainable development issues, targets and progress to the Board.



**5. Other:**

- 5.1 The Committee shall hold meetings as and when necessary to fulfill its duties but at least four times a year and, where possible, before the Board meetings.
- 5.2 Minutes shall be kept of the proceedings at each meeting. The minutes must be approved by the Committee members and signed by the Chairman of the Committee.
- 5.3 Each member shall have one vote at any meeting of the Committee and all decisions shall be taken by simple majority. The Chairman shall not have a casting vote in the event of deadlock.
- 5.4 The Group Secretariat shall be responsible for, in conjunction with the Chairman, determining the agenda, and for circulating the meeting agenda, minutes and supporting material to all Committee members.
- 5.5 Review and assess the adequacy of the Committee Mandate annually, requesting the Board to approve any amendments.
- 5.6 Evaluate the Committee's performance annually.

**6. Authority:**

The Committee has the following authority:

- Unrestricted right of access to any information it needs to fulfill its responsibilities;
- The right to seek independent advice;
- The power to investigate matters falling within the parameters set for it by the Board; and
- The right of direct access to any officer of the company or its subsidiaries.

All associates are directed to co-operate with any request made by the Committee.



**7. Approval:**

The Committee's Terms of Reference are approved as follows:

Approved this 16<sup>th</sup> day of May 2011.

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**AE McArthur**  
Chairman of the Board  
Mr Price Group

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**SI Bird**  
Chief Executive Officer  
Mr Price Group

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**NG Payne**  
Chairman:  
Risk & Sustainability Committee  
Mr Price Group