



THE Bidvest GROUP LIMITED

1. Constitution

The total process of Risk Management in the Bidvest Group, which includes the related system of control, is the responsibility of the Board of Directors

The Group Risk Management Committee has been constituted as a sub-committee of the Group Board of Directors in the discharge of its duties and responsibilities in this regard.

2. Purpose

The primary purposes of the Risk Management Committee are:

- 2.1 To establish and maintain a common understanding of the risk universe (framework), which needs to be addressed in order to meet corporate objectives,
- 2.2 To identify and agree the risk profile and risk appetite of the Group,
- 2.3 To satisfy the risk management reporting requirements,
- 2.4 To coordinate the Group's risk management and assurance efforts,
- 2.5 To report to the Board of directors on the risk management work undertaken and the extent of any action taken by management to address areas identified for improvement.
- 2.6 To report to the Group Board of Directors on the company's process for monitoring compliance with laws and regulations.

3. Authority

- 3.1 The Group Board of Directors supports and endorses the establishment of the Group Risk Management Committee.
- 3.2 The Group Board of Directors has a responsibility to monitor and review the risk management strategy of the Group and the Risk Management Committee assists the Group Board of Directors in fulfilling this responsibility.
- 3.3 The Risk Management Committee has unrestricted access to all information, including records, property and personnel of the Group, and must be provided with adequate resources in order to fulfil its responsibilities.
- 3.4 The Group Risk Committee is authorised to attend the Divisional Risk Committee meetings, or the segment of the Divisional Audit Committee dealing with risk management if a separate committee has not been established, and to provide guidance to and co-ordinate the efforts of these committees in providing the Group adequate risk management.
- 3.5 The risk management committee is authorised by the Group Board of Directors to:
 - Investigate any activities within its terms of reference.

- Seek outside legal or other independent professional advice.
- Secure the attendance of outsiders with the relevant experience and expertise where necessary at the Group's expense, subject to Group Board of Directors approval.
- Seek any information it requires from any employee, and all employees are directed to co-operate with any requests made by the Group Risk Committee.

4. Membership

Composition

- 4.1 The Group Risk Committee must be representative of the senior management of the Group.
- 4.2 The Group Risk Committee shall be appointed by the Group Board of Directors and shall comply with the following membership composition guidelines:
 - Consist of the Group Executive Director - Finance, Group Executive Director – Compliance Risk and Control, the Company Secretary, and 2 other members who are appointed by the Board.
 - Any other Group Executives, as deemed appropriate to fulfil the functions of the committee, may be included in the membership of the committee.
 - The Group Internal Audit Manager, the Group Financial Manager, and the Divisional Risk Manager for each Division should be a permanent invitee to the meetings of the Committee

In addition:

- The chairperson may be elected by a majority vote of the full committee membership.
- 4.3 All members of the committee shall have a working familiarity with risk assessments and risk management. The members of the committee shall be knowledgeable about the affairs of the Group and where appropriate specific skills shall be represented on the committee.
 - 4.4 Committee members may enhance their familiarity with risk management by participating in educational programmes conducted by the Group or an outside consultant.

Appointment of Divisional Representation

- 4.5 The Divisional Risk Committees shall nominate their risk manager, subject to acceptance and appointment by the Divisional Board of Directors. The Divisional Board of Directors shall appoint the members of their Divisional Risk Management Committee.

Termination

- 4.6 The Respective Audit Committee has to concur with any termination of the services of a person serving on their Risk Management Committee.

5. Meetings

Frequency

- 5.1 The Group Risk Committee should meet as often as required but at least prior to every Group Board of Directors meeting in order to review its reporting to this Committee.

Minutes

- 5.2 The Group Company Secretary shall be the secretary of the committee and shall attend and minute all meetings.
- 5.3 The draft minutes of the committee meetings shall be circulated to all members of the Board and other relevant personnel as directed by the Board within 14 days of such meeting and once approved at the next meeting shall be affixed in a minute book. The minutes shall be available to the Group Board of Directors as required by them.

Quorum

- 5.4 Two-thirds of the members must attend to constitute a quorum.

Attendance

- 5.5 The committee may invite any other relevant person to attend committee meetings.

6. Responsibilities and Duties

The responsibilities and duties of the Risk Management Committee shall include:

Risk Management

- 6.1 The periodic facilitation of risk assessment, to determine the material risks to which the Group may be exposed and to evaluate the strategy for managing those risks.
- 6.2 Establishing and maintaining an understanding of the risks that needs to be managed.
- 6.3 Establishing and implementing a risk management strategy.
- 6.4 Ensuring that management has identified the key business risks and incorporated them into their activities,
- 6.5 Assessing the appropriateness of management responses to significant risks,
- 6.6 Assessing the adequacy of the assurance efforts provided by management, internal audit and external audit, and specialist consultants (as and when used),
- 6.7 Keeping abreast of all changes to the risk management and control system and ensure the risk profile and common understanding is updated, as appropriate,
- 6.8 Considering the control environment directed towards the proper management of risk,
- 6.9 Considering the results/reports of the combined assurance efforts by all assurance providers and to ensure that appropriate action is taken to address identified areas for improvement,
- 6.10 Reporting to the Group board of Directors on the work undertaken in establishing and maintaining the understanding of the risks that need to be managed and the adequacy of action taken by management to address identified areas for improvement. This reporting includes the Group Risk Committee's work in establishing and maintaining the risk universe, which needs to be managed.

Risk Assessment

- 6.11 Evaluate whether management is setting the appropriate "control culture" by communicating the importance of Internal Control and Risk Management and ensuring that all employees have an understanding of their roles and responsibilities.

- 6.12 Assess the adequacy of the Divisional Risk Committee's review of the Risk Philosophy, Strategy and Policies recommended by the Executive Committees (Exco), evaluate the level of compliance with such risk policies and assess the adequacy of the overall risk management process of the Division.
- 6.13 Assess the adequacy of the Divisional Risk Committee's review of the reports by the Exco dealing with the adequacy and overall effectiveness of the corporate risk management function and the business continuity plans for all the companies in the Division to ensure that the directors have identified and monitor risks in the widest sense including market risk, credit risk, liquidity risk, operational risk and commercial risk.
- 6.14 Verify that the risk assessment process prioritise risk exposures in terms of likelihood and impact on the business, adopts a risk-based approach to controlling these risks and planning for contingencies, and consider the adequacy of insurance to mitigate residual risks that cannot be cost effectively controlled.
- 6.15 Monitor fraud policies and reporting processes, ensure timely reporting and adequate response to frauds detected and/or reported
- 6.16 Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.
- 6.17 Consider with senior management, the internal and external auditors any fraud, illegal acts, deficiencies in internal control or significant risks and exposures and the plans to minimise such risks.
- 6.18 Review any legal matters that could significantly impact the financial statements.
- 6.19 Monitor procedures to deal with and review the disclosure of information to clients.

Compliance with Laws and Regulations

- 6.20 Review the effectiveness of the Group and Divisions systems for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.
- 6.21 Obtain regular updates from management and company's legal counsel regarding compliance matters.
- 6.22 Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- 6.23 Review the findings of any examinations by regulatory agencies on the Group as a whole and verify that the Divisional Risk Committees review the findings of any examinations by regulatory agencies any group company

Sustainability Reporting

- 4.24 Identify and monitor the non-financial aspects relevant to the business of the Group and review appropriate non-financial information that goes beyond assessing the financial and quantitative performance of the Group, and look at other qualitative performance factors, which take into account broader stakeholder issues, reported in the Financial Statement and separately to the Investor community
- 4.25 Reviewing the effectiveness of the Bidvest affirmative action strategy on creating opportunities that will enable previously disadvantaged employees to prepare themselves to occupy more skilled and responsible positions within the organisation

- 4.26 Reviewing the effectiveness of the Group's dealing with Safety, Health and the Environment (SHE) issues and provide the necessary guidance in developing and approving the policy, strategy and structure to manage SHE issues.
- 4.27 Reviewing the effectiveness of the Bidvest contagious diseases strategy regarding the handling of HIV/AIDS training and education programmes, voluntary, anonymous testing, anti-retroviral and crisis planning
- 4.28 Reviewing the effectiveness of the Bidvest environmental strategy regarding
- The taking of reasonable measures to prevent significant pollution or degradation to the environment from occurring, continuing or recurring,
 - Minimising and rectifying pollution or degradation that has already been caused,
 - Disclosing the nature of their environmental policies, ethos and values, and
 - A commitment by all relevant Bidvest companies becoming certificated with the required international safety and environmental standards.
- 4.29 Reviewing the effectiveness of the Bidvest social and transformation strategy regarding the submission of their Employment Equity and Skills Development plans to the relevant authorities and monitoring that they are on track to meet, if not exceed, the required targets
- 4.30 Reviewing the effectiveness of the Bidvest Employment Equity strategy regarding principles of employment equity and ensuring the Group's compliance with the Employment Equity Act.

Other Responsibilities

- 4.31 Perform other oversight functions as requested by the Group Board of Directors.
- 4.32 Obtain the requisite resource for the effective discharge of its responsibilities and, if appropriate, hire special counsel or experts to assist.
- 4.33 Review and update the charter; receive approval of changes from the Group Board of Directors.
- 4.34 Evaluate the Group Risk Committee's own performance on an annual basis.