



# **Risk and Sustainability Committee**

## **Terms of Reference**

03.11.2015

## **Risk and Sustainability Committee Terms of Reference**

### **1. Introduction**

The Nampak Risk and Sustainability Committee (the Committee) is constituted as a committee of the board of directors of Nampak Limited (the Company). The duties and responsibilities of the members of the Committee are in addition to those as members of the board.

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 statutory obligations.

These terms of reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

### **2. Purpose of the terms of reference**

The purpose of these terms of reference is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

### **3. Composition**

The Committee comprises the Chief Executive Officer, the Chief Financial Officer, a minimum of two independent non-executive directors, one of whom will be the chairperson. Members of this Committee and its chairman are nominated by the board. The chairman of the Audit Committee is an *ex officio* member of this committee. The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties. All members of the committee shall have a working familiarity with risk assessments, risk management and

sustainability matters. 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, alternatively invited as the case may be. Committee members may enhance their familiarity with risk management and sustainability matters by participating in educational programmes conducted by the Group or an outside consultant

#### **4. Role**

The Committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The role of the Committee is to assist the board to ensure that:

- the Company has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives;
- the disclosure regarding risk is comprehensive, timely and relevant;
- Provision of direction on the overall sustainability processes with a view to achieving appropriate triple bottom line reporting as described in the JSE Limited's Social Responsibility Investment Index or any other index or rating as agreed by the Board from time to time;
- Recommending the group sustainability commitments and targets for approval by the Board including environmental responsibility;

#### **5. Responsibilities**

The Committee must perform all the functions as is necessary to fulfil its role

as stated afore and including the following:

- Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the board.
- Approving a suitable risk management strategy.
- Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- Make recommendations to the board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the board.
- Oversee that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the Company.
- Ensure that risk management assessments are performed on a continuous basis.
- Reviewing and assessing the appropriateness and adequacy of insurance cover.
- Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Ensure that management considers and implements appropriate risk responses.
- Ensure that continuous risk monitoring by management takes place.
- Liaise closely with the Audit Committee to exchange information relevant to risk.
- Express the Committee's formal opinion to the board on the effectiveness of the system and process of risk management.

- Review the integrated reporting in the annual report to ensure that it is timely, comprehensive and relevant.
- Review trends and issues of relevance for sustainability practices in the group.
- Define the group's sustainability commitments and monitor achievement against targets.
- Provide guidance on the overall sustainability process for the group in order to achieve the sustainability commitments.
- Assist with the identification and appropriate management of sustainability risks that may impact on the sustainability or reputation of the group.
- Ensure that appropriate programmes and internal committees are in place to minimise sustainability risks where necessary.
- Provide guidance on processes to ensure that the group maintains its listing in the JSE Limited's Socially Responsible Index or any other index or rating as agreed.
- Provide guidance on policy frameworks in respect of sustainability issues such as environment (internal and external), corporate social investment and stakeholder engagement.
- Monitor and report to the Board on the group's progress on its sustainability commitments.
- Ensure participation in an accredited sustainability and transformation ranking indices as approved by the Board.
- Review the group's annual sustainability report for submission to the Board for approval;

## **6. Authority**

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.

The Committee, in the fulfilment of its duties, may call upon the chairmen 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.

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

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

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

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

## **7. Meeting procedures**

### ***Frequency***

The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year.

Meetings in addition to those scheduled may, with approval of the chairman, be held at the request of the chief executive officer or other members of senior management or at the instance of the board.

## ***Attendance***

The following persons shall be invited to attend the Risk Committee meetings:

Members of the Group Executive Committee to attend by invitation as required from time to time;

Any other divisional or departmental head, as deemed appropriate to fulfil the functions of the committee, may be called upon to assist the committee as required from time to time;

The head of the Internal Audit and the Secretary to the Committee shall be in attendance.

## ***Agenda and minutes***

The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

The annual plan must ensure proper coverage of the matters laid out in these terms of reference: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan. A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the Committee and other invitees.

Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters for discussion. The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof.

The minutes must be formally approved by the Committee at its next scheduled meeting.

### **Quorum**

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

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

### **8. Evaluation**

The board must evaluate the effectiveness of the Committee every two years.

### **9. Approval of these terms of reference**

These terms of reference were approved by the Board of Directors of Nampak Limited on 29 March 2011 and will be due for review by the Committee every three years unless circumstances warrant an earlier review.