Remuneration Committee report

The key focus of the Committee was to review the suitability of our remuneration structures and targets in light of the steady return of our businesses to normal trading.

Mandate

The purpose of the Remuneration Committee is to assist the Board in discharging its oversight responsibilities relating to all compensation matters, including reviewing all components of remuneration, proposing measures for the STI and LTI schemes, implementing all relevant employee compensation policies, ensuring alignment with market best practices and compliance with King IV.

Members	Invitees	Relevant skills profile of members
Chairman • TE Mashilwane* 1/3 • CH Boulle* 2/3 **Members** • SL Botha • F Petersen-Cook**	• CEO • Group HR Executive • Company Secretary • Group Financial Director	Committee members are highly skilled in business and strategy, legal, risk and governance, marketing, and finance.

* *Emma Mashilwane stepped down from the Board and as Chairman of the Remuneration Committee on 23 July 2022, she was replaced by Chris Boulle as the incoming Chairman.*
** *Fagmeedah Petersen-Cook joined the Remuneration Committee on 1 June 2022.*

Focus areas for 2022

General

- Reviewed and approved the Committee Charter and annual Committee work plan.
- Reviewed and approved remuneration-related disclosures in the IAR and AFS, and the Remuneration report for presentation at the AGM for purposes of passing non-binding advisory votes.
- Follow up on delayed temporary employee relief scheme payments (TERS) from the Unemployment Insurance Fund (UIF).
- Noted the changes in the BBBEE scorecard related to employment equity.
- The King IV guidance paper on effective stakeholder engagement within the context of remuneration was tabled and noted.

Remuneration amendments

- Considered proposed performance measurements for STI (HEPS and EBITDA) and LTI (TSR and ROCE) and proposed targets for STI and LTI (page 137).
- Approved increases of 4% for administration employees and the payment of their annual bonuses.
- Monitored the conclusion of a wage agreement regarding bargaining unit employees' increases of 4.5%.
- Approved increases and bonuses for Exco members.
- Approved Executive LTI allocations in line with scheme rules and SARs/retention share split.
- Considered and approved the deferred decision on executive directors' LTI increases.
- Approving the vesting of LTI shares on 1 November 2021 and the purchase of shares by the Famous Brands Share Incentive Scheme to settle the number of shares due to participants.
- Monitored the completion of Project Genesis and realised wage bill savings of R4 million.
- Monitored the improved governance structures to oversee the implementation of the Remuneration Policy.
- Reviewed a report based on a benchmarking study to review Exco remuneration relative to the market.
- Approved the inclusion of D-band employees in the STI as they form the main executive talent pipeline. This incentive will replace the discretionary bonus (13th cheque), which they have been receiving. The award of these incentives will be based on performance. The scheme will only come into effect in the 2024 financial year if financial performance allows.
- Engaged shareholders for feedback on remuneration matters, including obtaining and noting feedback from shareholders on the Remuneration Policy rules relating to STI and LTI. See page 136 for a detailed breakdown of feedback, with the Committee's responses.

Non-executive directors fees

- Approved the reinstatement of non-executive director fees to 100% following the COVID-19 reduction in 2021.
- Recommended and approved a 4% increase in non-executive director fees and approved an hourly rate of R2 500 for non-executive directors who perform consulting services to the Company.

Executive performance

- Reviewed the CEO's performance scorecard for 2021 and set his scorecard for 2022.
- Reviewed the previous Group Financial Director's performance scorecard for 2021 (Lebo Ntlha) and set her scorecard for 2022.
- Set the new Group Financial Director's performance scorecard for 2022 (Deon Fredericks).
- Approved the 2022 scorecard for Exco in consultation with the Exco team. The Exco scorecard applies similar principles to the CEO scorecard with the focus on fiscal discipline and alignment to the three-year strategic plan, and the inclusion of EBITDA and HEPS as part of STI and absolute TSR and ROCE as part of LTI weightings.
- Oversaw psychometric assessments for Exco members to inform a Leadership Development Programme.

Succession

- Reviewed CEO succession and agreed development planning for potential CEO successors.
- Agreed to the implementation of a leadership development programme for Exco members.
- Reviewed and considered succession planning for Exco positions.
- Noted management's proposed succession plan for executive and senior management roles.
- Engaged shareholders for feedback on succession planning.

Focus areas for 2023

Our focus areas for 2023 include:

- Continue to improve Remuneration report disclosure.
- Engage shareholders for their input on the Remuneration Policy and the Implementation report.
- Focus on fair and responsible remuneration across the Group.
- Oversee the creation of the Leadership Development Programme.
- Improve benchmarking capabilities with a measured approach to determining remuneration, ensuring sustainability, transparency and fair and responsible remuneration.

I confirm that the Committee is satisfied that it has fulfilled its responsibilities according to its terms of reference for the financial year. I will be present at the AGM to answer any questions regarding the activities of the Committee.

Chris Boulle
Chairman: Remuneration Committee

23 June 2022