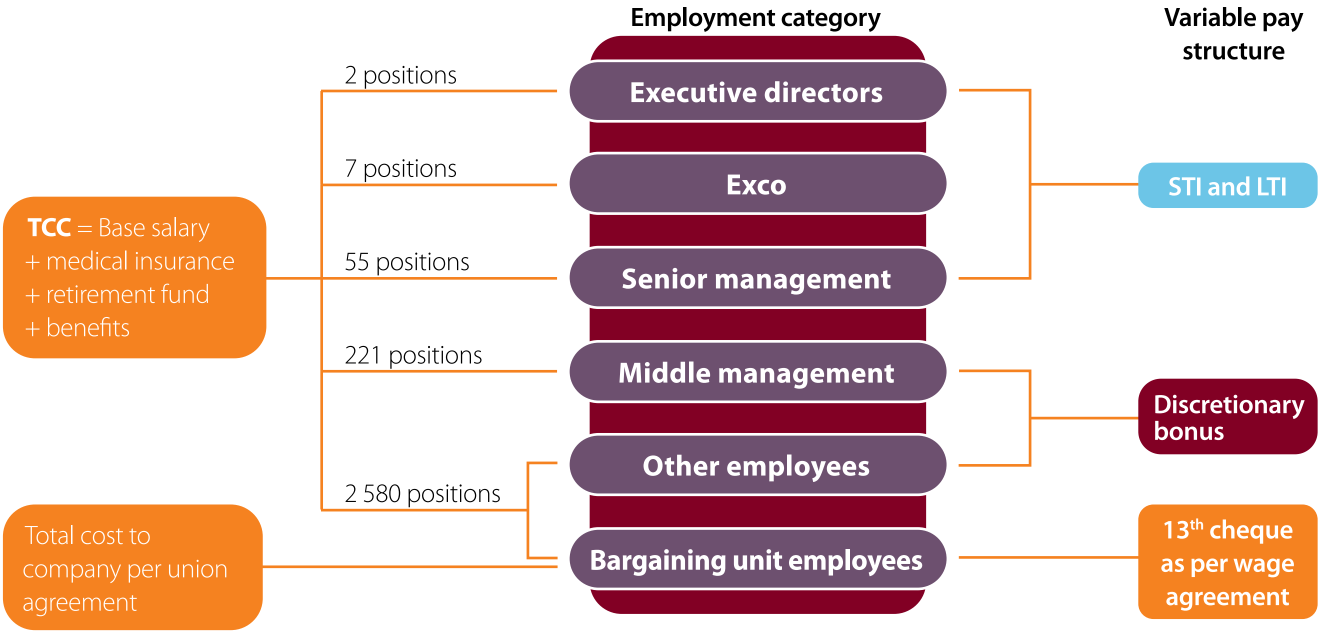
Rewarding value creation

Salient features

50%	STI pool for executive management.
100%	13th cheques for bargaining unit employees.
100%	discretionary bonus pool allocation for admin employees' bonus.
4.5%	annual increase for bargaining unit employees.
R4 million	Payroll savings due to salary cuts in July 2021 level 4 hard lockdown.
28	retrenchments
4%	Non-executive directors fee increase
No	malus or clawback provisions triggered in 2022.

Remuneration landscape and eligibility



Employment category

Variable pay structure

2 positions	**Executive directors**	STI and LTI
7 positions	**Exco**	STI and LTI
55 positions	**Senior management**	STI and LTI
221 positions	**Middle management**	Discretionary bonus
2 580 positions	**Other employees**	Discretionary bonus
2 580 positions	**Bargaining unit employees**	13th cheque as per wage agreement

TCC = Base salary + medical insurance + retirement fund + benefits (Executive directors, Exco, Senior management, Middle management, Other employees)

Total cost to company per union agreement (Bargaining unit employees)

2 865 positions
(includes permanent and temporary SA employees, excludes UK, AME and Associates)

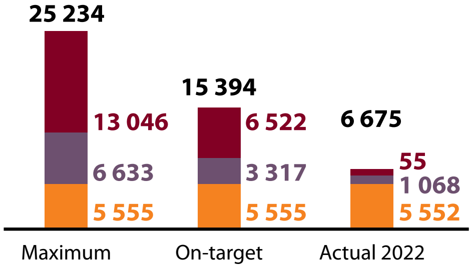
Remuneration at a glance

Minimum shareholding requirement

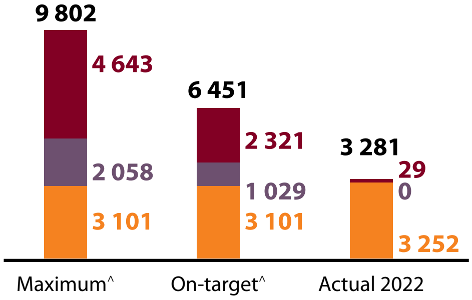
% of base salary	CEO	Group Financial Director
Target	200%	100%
Actual	133%*	0%

* *Shareholding x 28 Feb VWAP ÷ base salary*

Pay for performance: CEO (R million)



Pay for performance: GFD* (R million)



● LTI
● STI
● Fixed remuneration (TCC)

^ ***Maximum LTI*** *is depicted at the Famous Brands annual award quanta (One third of target holding multiple). LTI on target is depicted as 50% of the maximum. Maximum and* ***on target*** *have no COVID-19 modification.* ***Actual 2022*** *values are earnings in the reporting period.*

* *The previous Group Financial Director resigned on 30 November 2021. The new Group Financial Director commenced service on 1 August 2021, hence his compensation is not reported here. Compensation details are in the implementation report, on page 148.*

STI (CEO and Group Financial Director)

Profile of scorecard	%
Personal weighting	30
Group	70
Financial and operational plan performance	60
Market-share performance and customer measures	20
People performance	10
Transformation and ESG	10
Total	**100**

Refer to detailed scorecard across all roles on page 143.

Shareholder voting in favour of

87.20%
Remuneration Policy

89.08%
Implementation report

99.77%
Non-executive directors' remuneration

In 2022:

- **STI |** R12.1 million to executives, R29.5 million to administration employees and R8 million to bargaining unit employees.
- **LTI |** 81 586 of LTI retention shares vested to 34 participants, totalling R5.6 million.

Important abbreviations and definitions

TCC: Total cost to company = Base salary + medical insurance + retirement fund + benefits **Base salary** = TCC - medical insurance – retirement fund – benefits **STI:** Short-term incentive **LTI:** Long-term incentive **13th cheque:** One month's TCC **SARs:** Share appreciation rights **Executive directors:** The CEO and the Group Financial Director. **Executive Committee** (excluding the executive directors) is referred to as Exco. **Executive management team** includes the executive directors and Exco

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

Background statement

It is the view of the Remuneration Committee that the Remuneration Policy has achieved its stated objective of driving performance while ensuring retention. This is also in the context of COVID-19, to prioritise the recovery and growth of the business, preserving livelihoods and limiting the impact on the most vulnerable of our employees.

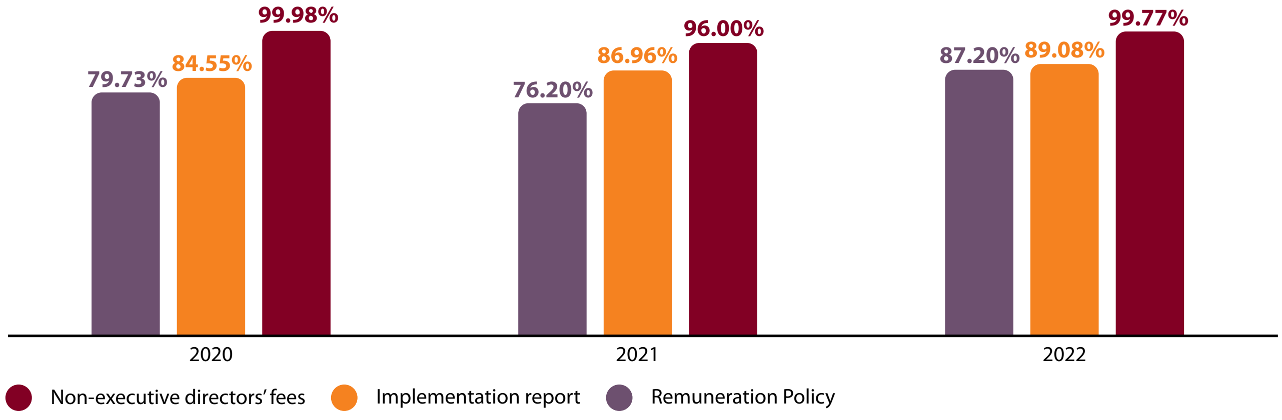
Factors influencing remuneration

External considerations	• Shareholder views and recommendations. • Economic trends and competitive pressure. • The labour market and the pay gap between executive management and other employees. • Requests from bargaining unit representatives. • Market benchmarks for employees premised on comparable job grades and selecting the appropriate peer group benchmarks in the market with similar attributes, including complexity, industry, size and geographic spread. • The potential maximum total remuneration that each executive could earn, benchmarked against the market at the 50th percentile. • Reports on the effects of COVID-19 on remuneration across industries.
Internal considerations	• Consideration of the appropriateness of the performance evaluation report and its alignment to remuneration principles. • Cash flow management and cost leadership are integral parts of the business, with the hospitality industry being once again impacted during COVID-19 imposed lockdowns. • Concluded Project Genesis, a programme designed to position the business to survive, reduce operating expenses and implement initiatives designed to save the Company and save jobs. • Alignment between roles, including between the CEO and Group Financial Director roles and between executive roles across SA, AME and the UK. • Implementing the legal requirements regarding equal pay for equal value of work. • Executive recruitment and succession planning considerations.

Shareholders' view on our remuneration

At the 2022 AGM, all remuneration-related resolutions received significant support from our shareholders.

Shareholders' view on our remuneration



The Committee evaluated feedback from various shareholders regarding the root cause for dissenting votes. The main concerns received through written submissions and the Committee responses to these concerns are noted in the following table.

Shareholder feedback	Committee feedback and actions taken
STI and LTI	
Shareholders recommend the disclosure of achievement against current and prior STI and LTI targets in future Remuneration reports. Some shareholders believe that gross domestic product (GDP) is a better measure than consumer price inflation (CPI) and requested Famous Brands reconsider this.	The Committee shall endeavour to disclose performance against targets for STI and LTI awards. The current targets and basis of awards are described in the implementation report, STI section on page 141 and LTI section on page 144, as well as in the table below dealing with Remco decisions. The Committee remains comfortable that HEPS growth is measured relative to CPI and not GDP.
LTI	
• **ROCE:** Shareholders voiced concern over the adequacy of disclosure of targets and achievement of such. Shareholders recommend a stretch target of at least 30% over the long-term.	• **ROCE:** a stretch target will be 130% of WACC.
• **Share price:** Shareholders recommend a growth target of at least 15%.	• **Share price:** We maintain the view to use the WACC as a base with a stretch for ROCE.
• **TSR:** A shareholder recommended scrapping absolute TSR and replacing it with a free cash flow target or relative TSR.	• **TSR:** Free cashflow is difficult to measure month to month, without a monthly budget balance sheet to measure against. Relative TSR was not considered as there are insufficient competitors available.
• **2022:** Implement stringency for LTI achievement for 2022 and exclude Gourmet Burger Kitchen from earnings base targets, considering the volatility of markets due to COVID-19.	• **2022:** Stringency for LTI achievement, including GBK, was applied.
• **Vesting restrictions:** Shareholders recommend disclosure on how it is ensured that individual LTI allocations are made in line with vesting restrictions.	• **Vesting Restrictions:** Refer to relevant note in the IAR. The Committee considered the recommendations and remain comfortable with the targets set and the measurements of ROCE and TSR. Additional disclosure of targets and consequences of performance are provided in this report.
Performance scorecard	
Shareholders perceive the key performance areas (KPAs) for people measures and transformation and ESG to be unclear with uncertainty on what is measured. They suggest: • Famous Brands to determine appropriate benchmarks for ESG. • ESG targets should be split between STI and LTI.	People measures include targets for employee opinion survey results, Exco succession cover and Executive stability (attrition). Further details are in the Group scorecard (page 143). Benchmarks were determined for ESG and are contained in the Group scorecard. These include BBBEE targets (employment equity and supplier development), injuries on duty and sustainability measures (GHG emissions and water usage). The Committee is comfortable with the current measures regarding LTI.

Shareholder feedback	Committee feedback and actions taken
MSR	
Shareholders recommend that Famous Brands develop a timeline for future implementation, including consequences of non-achievement. Shareholders also recommend a target of 300% for the CEO.	The Committee believes that the current MSR is appropriate and will review it once the current target is reached. Current shareholding of CEO and Group Financial Director is disclosed on page 131.
Malus and clawback	
Shareholders identified some flaws in the current disclosure and suggested improved wording.	The policy is in its infancy and has not been applied as yet. The Committee was comfortable with the degree of disclosure.
Retention shares	
Shareholders view the allocation of retention shares as part of LTI as outdated.	The Committee reviewed the retention share scheme both from an allocation split and performance perspective. It is comfortable with the 25% retention shares/75% SARs allocation split, as it adequately favours the "at-risk" portion. This is also more stringent than current market trends. The vesting criteria of the retention shares are performance-related (minimum rating "meet expectations"), and service-related (employee must be in Famous Brands' employ at date of vesting).

Key decisions and changes to policy

Focus area	Consequent decisions by Committee	Policy reference
Appropriateness of 75%/25% split in performance and retention shares	• The current split will be retained. • Vesting of shares will be executed in line with the Famous Brands LTI Scheme rules.	137
Inclusion of D-Band employees in STI scheme	Lower D-band employees will in principle be included in the STI scheme, however the implementation is planned for FY2024.	133
STI key performance	KPAs are as follows: • Financial and operational performance: 60%. • Market share: 20%. • People: 10%. • ESG: 10%. Financial performance will be measured using HEPS and EBITDA (stretch) • HEPS: 50%. • EBIDTA: 50%.	142
2023 LTI KPIs and targets	• Absolute TSR: 30-DAY VWAP share price plus the cost of equity (both as at 28 February 2022). • ROCE: stretch of 130% of WACC to be determined as at 28 February 2022.	

Focus area	Consequent decisions by Committee	Policy reference
The following measures were taken to manage the effect of COVID-19, aiming to balance the survival of the business with protecting and preserving livelihoods. Throughout, we aimed to limit the impact on the most vulnerable employees.	• Salary reductions were imposed during level 4 lockdown in July 2021 as follows: – 15% Exco, executives and senior management (grades D upper to F). – 10% supervisory, technical, specialist and managerial employees (grades C to D3). – 7.5% all other employees (grades A to B). – Total wage bill saving generated: R4 million. • Bonuses of non-unionised employees (B3 to Group CEO) reduced to 50% of on-target amount. • There were 28 retrenchments. • Capped the executive bonus pool: 50%. • CEO's bonus approved at 50% of target, effectively 20%. • UIF TERS payments to employees: R5.7 million.	
Malus and Clawback Policy	No malus and clawback conditions were triggered	145
Administration and bargaining unit employee increases	• Bargaining unit employees: Approved at 4.5% effective March 2022. • Administration employees (non-bargaining unit): Approved at 4.5% effective March 2022.	139
Executive salary increases	• Average of 4.5% annual increase effective March 2022.	
Non-executive directors' fees	• Reverted to 100% fee basis after reduction in 2021. • Fees increased by 4% effective June 2021.	147
2016, 2017 and 2018 LTI vesting	• Shares purchased to settle shares due: 81 586. • Value of vested shares: R5.7 million. • No value for SARs as share price at date of vesting was below award price.	144

Remuneration consultants

Where appropriate, the Committee obtains advice from independent remuneration consultants. The Committee employs the consultants directly, with direct engagement from the Committee to ensure independence.

The Committee engaged the services of 21st Century Pay Solutions. The consultants were contracted to perform the following services:

- Annual benchmarking of STI scheme.
- Job evaluation and organisational design.
- Executive salary surveys.
- Advising on the remuneration report for the IAR.

The Committee is satisfied with the independence and objectivity of 21st Century Pay Solutions being a reputable remuneration consulting firm.

Remuneration Policy

Our Remuneration Policy aligns the interests of senior executives and employees with the interests of shareholders and the Group's overall business strategy. We attract, retain and reward talented employees, by offering compensation that is fair and competitive within our industry.

Key principles of the Remuneration Policy

We have a Remuneration Policy in place to support our remuneration approach. This Remuneration Policy is based on the following key principles:

- Reward, retain and, where necessary, attract talent through fair, transparent and competitive remuneration.
- Reward short-term and long-term performance by linking STIs to operational, financial and other targets and long-term incentives to achieve the strategic objectives of Famous Brands.
- Key focus areas are reflected in the scorecard of executive management and the annual performance evaluations for employees. Scorecards reflect KPAs and the associated KPIs.
- We reward for value created, contribution and performance to ensure alignment with shareholder interests.
- Employee rewards are influenced by individual, and Company performance and employees' contributions are recognised by way of a discretionary performance bonus.
- Bargaining unit employees are subject to the terms of wage agreements and are part of a "basic plus benefits" remuneration scheme.

Fair and responsible remuneration

The remuneration principles are underpinned by a fair and responsible remuneration approach where:

- Remuneration must be free from any form of discrimination.
- Market benchmarking refers to the correct remuneration bands and levels with progression reflected for experience and accountability.
- Remuneration design and application must drive internal and external parity.
- All the applied remuneration components are designed and implemented within the applicable tax and regulatory requirements.
- Performance and value are defined and measured over the short, medium and long terms and protect our shareholders' interests.
- An overarching drive for the correct moral and legally defensible remuneration practices.

The Group continues to focus on developing an equitable workplace. It is committed to equal pay, remuneration for equal value of work and gender equality in line with the JSE Listings Requirements, King IV guidelines, and our diversity policy. Furthermore, we continue to develop the leadership succession pool and have implemented strategies to attract, motivate and retain a skilled workforce through fair, responsible, transparent and competitive remuneration.

Quick fact

In South Africa, pay audits are conducted in terms of the Code of Good Practice on Equal Pay/ Remuneration For Work of Equal Value (Code of Good Practice) under the Employment Equity Act, No 5 of 1998 (as amended) (Employment Equity Act).

The principle of equal pay applies to work that is the same, substantially the same or of equal value (referred to as work of equal value), when compared to an appropriate actual comparator of the same employer. This means where comparable work is of equal value, employees rendering such comparable work should not be paid unequal pay where differentiation between them is based on a prohibited ground of discrimination or on grounds that are found to be arbitrary.

As part of the annual salary increase exercise in March of each year, Famous Brands conducts an equal pay for equal work audit. The following interventions were applied this year in response to findings from this audit:

- Employees paid unjustifiably low compared to others doing comparable work: 81 employees' salaries adjusted to at least the 25th percentile of the relevant internal pay scale.
- Incorrect job titles, rendering equal pay analysis inaccurate: 10 job titles amended to reflect correct jobs and allow accurate comparison.
- Incorrect job grades, rendering equal pay analysis inaccurate: 43 job grades corrected to reflect correct grades and allow accurate comparison.

Components of remuneration in 2022

The remuneration landscape and eligibility are set out on page 130. The table that follows sets out our remuneration structures.

Operation and objective	Maximum opportunity	Performance measures
Base salary | Targeted at the 50th percentile of the market benchmark		
• Reviewed annually in May after audited results. • Increase backdated and effective 1 March of each year. • The CEO makes recommendations regarding Exco to the Committee, and does not make recommendations on his base salary, which the Committee reviews.	• Informed by CPI upward or downward adjustment to recognise individual performance. • The overall increase pool is expressed as and limited to a percentage agreed by the Committee. • Business unit employee increases are based on wage agreements.	Individual performance is reviewed on a scale of 1 to 5. The performance rating determines the percentage of the CPI increase pool that an executive will receive. Performance is measured against specific KPIs approved by the Committee.
Retirement fund | Provides a retirement benefit		
• The funds vary depending on jurisdiction and legislation. • All Company-related funds are defined contribution funds. • Any Company contribution is part of TCC.	In line with country-specific legislation.	Not applicable.

Operation and objective	Maximum opportunity	Performance measures
Medical insurance | Provides medical aid assistance		
• The funds vary depending on jurisdiction and legislation (some countries have national insurance). • Any Company contribution towards a medical aid fund is part of TCC.	All contributions to medical aid funds form part of the total guaranteed package, in line with Company policy.	Not applicable.
Benefits | Provided to ensure broad competitiveness in the respective markets		
Benefits are provided based on local market trends. They can include items such as life assurance, disability and accidental death insurance, assistance with tax filing, cash in lieu of leave not taken (above legislated minimum leave requirements) and provisions under the executive travel guidelines.	In line with Company policy.	Not applicable.
Bonus | Discretionary		
A bonus is provided based on individual performance, subject to Company performance criteria.	• Up to 120% of one month's TCC. • Sliding scale adjustment to recognise individual performance.	Individual performance is reviewed on a scale of 1 to 5. Performance ratings of less than 3 do not qualify.

Short-term incentives

Objective	The STI is designed to drive the short-term strategies of Famous Brands and ensures that participants deliver on the key priorities for the year. These have been designed to align and deliver on both the Company and shareholder interests. It incentivises and drives the motivation of participants, contributes to the attraction and retention of scarce human resources, and rewards superior performance.
Timing	Ordinarily, 25% of the STI is paid after the half-year results finalisation, and the balance is paid after the finalisation of annual audit and Board approval of financial results.

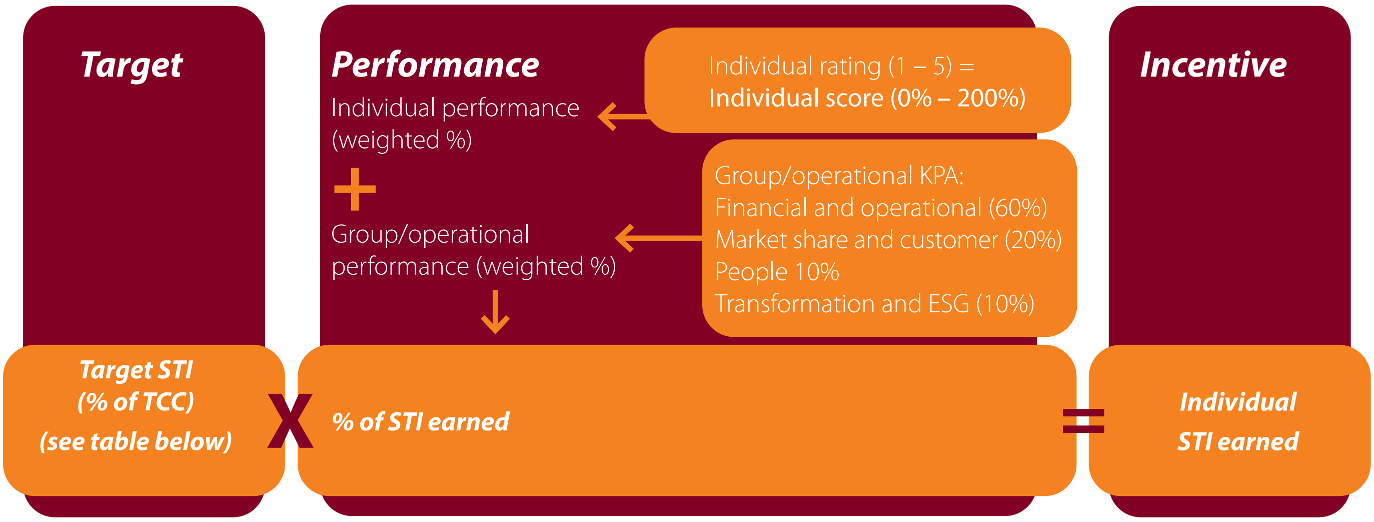
Operations

Target STI is a targeted amount applicable to a person's grade (a percentage of TCC). Actual STI earned depends on performance.

The conceptual formula to determine actual STI earned, is:

- Individual's STI earned = Target STI (% of TCC for grade/role) x % of target earned (determined by performance).
- Target STI is determined by market benchmarked targets and is validated regularly.
- Performance score is determined by individual and Group/operational performance relevant to the individual's role, to create line of sight between business performance and individual reward. These are weighted and collectively provide a weighted score for the individual.

Graphically, this can be explained as follows:



Target STIs by level and role:

Paterson Grade	Target STI %	Capped at maximum STI %
F upper – CEO	**60**	**120**
F lower – Group Financial Director	**45**	**90**
F lower – Other	**35**	**70**
E	**15**	**30**
D upper	**10**	**20**

To drive line of sight principles, STI earnings are linked to areas where the executive has accountability and the ability to influence. The percentages reflect the relative weighting of performance on the ultimate combined scorecard of the participant.

Relative weighting of performance %:

Position	Group	SA	Non-SA	Individual
CEO and Group Financial Director	**70**			**30**
Other Group executives	**30**			**70**
AME executive	**10**		**60**	**30**
SA divisional executives		**70**		**30**
UK /AME divisional executives	**30**		**40**	**30**

Before the start of each half-year, the Board approves KPAs and associated KPIs. The 2022 Group scorecard is:

Key performance areas	KPIs and targets
Financial performance and operational plan performance **(60%)**	**2022 measures and targets** **Measure** | **Weighting %** | **Target** | **Outcome** HEPS | **50** | **Growth of 87% – 101%** | **Achieved** EBITDA | **50** | **Growth 45% – 52%** | **Achieved**
Market-share performance and customer measures **(20%)**	• Google ratings: *Outcome: Partially achieved* • Net store growth – AME net store growth: *Outcome: Achieved* – Leading Brands; Signature Brands; UK: *Outcome: Not Achieved*
People performance **(10%)**	• The Voice your View survey results, reflecting employee satisfaction and engagement. *Outcome: Achieved.* • Exco succession (Identified successors for Exco roles). *Outcome: Achieved.* • Executive stability ratio. This ratio is the level of attrition by voluntary resignations among executives. *Outcome: Achieved.*
Transformation and ESG **(10%)**	• BBBEE rating: Retain level 4. *Level 4: Achieved.* • Management control (Employment equity): *Outcome: Achieved.* • Enterprise and supplier development: *Outcome: Achieved.* • Injuries on duty. *Outcome: Achieved.* • Sustainability targets including GHG Emissions and water usage. *Outcome: Partially achieved*

Individual performance is reviewed on a scale of 1 to 5. Performance ratings of less than 3 disqualify a participant from the STI scheme.

Rating	Score %	Outcome
1 or 2	**0**	**No STI**
3	**100**	
4	**150**	
5	**200**	**Capped**

The combined outcome of the individual performance, and performance against the KPAs and KPIs, result in the actual percentage of target STI earned (which has a maximum cap).

The table below indicates how line of sight is achieved between combined performance and the individual's level of STI earned, supporting the principle of rewarding exceptional performance.

Weight the score	% of target STI
< 100%	**0**
> 104%	**125**
> 108%	**150**
> 112%	**175**
> 116%	**200**
> 117%	**200 (Capped)**

Long-term incentives

Objective

The LTI is designed to drive the longer-term strategic and sustainable focus of Famous Brands, ensuring alignment between the long-term interests of executives and shareholders. It serves as a wealth creation mechanism for executives and drives the creation of shareholder value when strategic performance drivers are met.

Vesting structure and methodology

Initial vesting
- 33.33% – Year 3
- 33.33% – Year 4
- 33.33% – Year 5

Top-up vesting

No vesting period

Individual LTI earned = [TCC] X [Award multiple]

Therefore, top-ups are required to maintain TCC x multiple equation

Award value of unvested shares = [TCC] X [Award multiple]

LTI SPLIT:

SARs 75%	RSs 25%
Conditions: • Company performance (KPAs per award letter) • Share price must increase over vesting period • Service condition	**Condition:** • Service condition • Minimum performance rating: 3 (meets expectations)

Role/Grade	Target multiple to be held at a point in time		Annual Award of 0.33% of target	
	SARs	RSs	SARs	RSs
Chief Executive Officer	6.53	0.55	2.18	0.18
Group Financial Director	5.60	0.47	1.87	0.16
F – Lower	4.67	0.40	1.56	0.13
E – Upper	3.54	0.30	1.18	0.10
E – Lower	2.84	0.24	0.95	0.08
D – Upper	2.13	0.18	0.71	0.06

The Company target multiple is lower than market medians

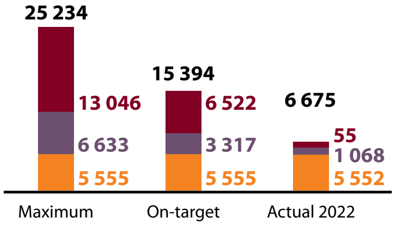
Performance conditions applied to determine vesting of SARs

Company performance	Weighting
ROCE WACC determined at 28 February 2022	**50%**
Absolute TSR 30-day VWAP share price + cost of equity. Determined on 28 February 2022	**50%**

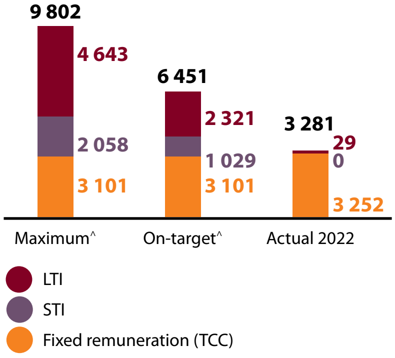
Potential consequences of performance on Executive Remuneration

The following illustrative example shows the impact of performance on maximum and on-target remuneration, compared with actual remuneration. The Group Financial Director graphic is in relation to Ms Lebo Ntlha, who resigned as Group Financial Director and left Famous Brands' service on 30 November 2021. The values reflect her potential and actual earnings up until her resignation date. Further details are in the Implementation report page 148.

Pay for performance: CEO (R million)



Pay for performance: GFD* (R million)



^ ***Maximum LTI*** *is depicted at the Famous Brands annual award quanta (One third of target holding multiple). LTI on target is depicted as 50% of the maximum. Maximum and* ***on target*** *have no COVID-19 modification.* ***Actual 2022*** *values are earnings in the reporting period.*

* *The previous Group Financial Director resigned on 30 November 2021. The new Group Financial Director commenced service on 1 August 2021, hence his compensation is not reported here. Compensation details are in the implementation report, on page 148.*

Ancillary policies – Executive management

Minimum shareholding requirements

Executive directors shall build and maintain a minimum holding of Famous Brands shares:

Executive directors may sell only up to 50% of their shares that vest until they have reached their minimum shareholding requirement.

Malus and clawback

Famous Brands have implemented malus and clawback provisions that enable adjustments to variable pay. The Board may act on the recommendation of the Committee to reduce/cancel/adjust unvested variable remuneration (malus), or to recover (clawback) vested/paid variable remuneration where there is reasonable evidence that an executive director of Famous Brands materially contributed to, or was materially responsible for, but not limited to:

- Personally acting fraudulently or dishonestly or in a manner that adversely affects the Company's reputation, or which is characterised as gross misconduct.
- Directing an employee, contractor or adviser to act fraudulently, dishonestly or to undertake other misconduct.
- Receiving an STI or LTI award because of fraud, dishonesty or a breach of obligation committed by another person.
- Receiving an STI or LTI award because of an intentional error in calculating a performance measure.

Service contracts

All members of the executive team, except the Group Financial Director, have permanent employment contracts that entitle them to standard Group benefits as defined by their specific region and participation in the Company's STI and LTI.

The Group Financial Director is on a two-year fixed-term contract.

The executive management team has a three-month notice period.

Recruitment Policy

When recruiting new executives, a comparative benchmarking exercise is done to determine the size, nature and complexity of the role and the skills availability in the market, prior to making a competitive offer.

For new appointments, the Committee may compensate for remuneration forfeited by the appointee (STI, LTI, or any other relevant and valid element). The intention is to not grant more than what the executive would have received from the Company in a 12-month period. The Committee does have the discretion to compensate higher values if it can be demonstrated through a fair-value valuation that the forfeited amounts exceed the grants. The Committee will compensate the forfeitures through a combination of equity and cash.

Termination Policy

The executive management team typically does not have fixed-term contracts, and contracts are therefore open-ended. Exceptions include where prescribed retirement ages apply, or where specific circumstances justify the appointment on a fixed-term basis. Contracts do contain defined termination notice periods. The incentive scheme rules are clear on the termination provisions by termination category.

In the event of termination, the Company has the discretion to allow the executive to either work out their notice period or to pay the TCC for the stipulated notice period in lieu of notice.

Employment contracts do not oblige Famous Brands to pay special severance or compensation on termination of employment contracts arising out of failure or incapacity to perform, or underperformance against contracted objectives.

Voluntary resignation	Dismissal/ termination for cause	Normal and early retirement, retrenchment and death	Mutual separation
Base salary			
Paid over the notice period or as a lump sum.	Paid up to the date of dismissal (exit date).	Paid up to the date of retirement or death or for a defined period based on policy and legislation governing retrenchment conditions. Death benefits are paid to the spouse (if relevant).	Paid over the notice period or as a lump sum or per agreement to remain on payroll until agreed date.
Retirement fund			
Provident fund contributions for the notice period will be paid. The lump sum does not include provident fund contributions unless contractually agreed.	Contributions to provident fund will be paid until employment ceases.		Provident fund contributions for the notice period will be paid. The lump sum will exclude provident fund contributions and risk benefits.
Medical provisions			
Where applicable, medical provision for the notice period will be paid.	Medical provision/payment will be provided until employment ceases.	Medical provision/payment will be provided until employment ceases. Subject to the medical aid rules, the employee can become a direct paying member of the medical aid.	Medical provision for the notice period will be paid; the lump sum can include medical fund employee contributions if contractually agreed.
Benefits			
Applicable benefits may continue to be provided during the notice period but will not be paid on a lump-sum basis.	Benefits will fall away when employment ceases.	Benefits will fall away when employment ceases.	Applicable benefits may continue to be provided during the notice period.

Voluntary resignation	Dismissal/ termination for cause	Normal and early retirement, retrenchment and death	Mutual separation
STI			
No STI		No bonus, but Committee has the discretion to award pro-rata STI.	No bonus, but Committee has the discretion to award pro-rata STI.
Sign-on or retention deferred bonuses			
Lapse all deferred bonuses.		Pro-rata deferred bonuses based on the length of employment from the date of allocation.	Committee determines whether a pro-rata portion may be granted. Work-back clause may not apply.
Sign-on bonus work-back clause will apply – i.e. if not worked back in full, pro-rata repayment.			
LTI			
Unvested shares will lapse in their entirety.	Lapse of all unexercised and unvested shares; vested shares will be unaffected.	Pro-rata unvested LTIs are based on the length of employment from date of offer. Performance conditions are tested over the full performance period and vest on the normal vesting dates. (In case of death, test performance as per the latest results applies immediate vesting).	Committee determines whether a pro-rata portion may be granted (or the Board in the case of the executive directors). Performance conditions are tested over the full performance period and vest on the normal vesting dates.

Non-executive directors

The Company's non-executive directors are paid based on their role. The policy is applied using the following principles:

- A Board fee is paid for the five Board meetings held each year, and the Committee members receive Committee fees for participation. The fees are split with a base fee of 20% and the remaining 80% paid based on meeting attendance. Each director's fee is paid quarterly in arrears.
- Fees are reviewed annually, and increases are implemented from June after approval by shareholders at the AGM. The level of fees is set using a benchmark comparable group derived from companies with similar size, complexity and geographic spread.
- The non-executive directors are not eligible to receive any short or long-term incentives.
- The Committee approved the fees of non-executive directors as follows:
- A 4% increase for financial year 2021 and 2022.
- R2 500 per hour fee for consulting services.

The 2023 proposed fee increases are to be approved by shareholders during the next AGM are:

- Chairman of a Committee 4.5%.
- Member of a Committee 4.5%.
- Additional fee of R2 613 per hour for consulting services.

Remuneration report – implementation

The Remuneration Committee confirms compliance with the Remuneration Policy and confirms that there were no deviations from policy.

The Implementation report provides a breakdown of both the executive director and non-executive director remuneration. The Committee assessed the prescribed officer definition with the definition of "executive management" per King IV and has determined that of the Executive Committee, only Darren Hele (CEO), Lebo Ntlha (outgoing Group Financial Director) and Deon Fredericks (incoming Group Financial Director) meet the definition.

Directors' remuneration and performance

CEO – Darren Hele

Darren Paul Hele (50)

Chief Executive Officer

BCom

STI outcome

Key performance area	**Target weighting %**	**Actual score %**
Business performance	**70**	**111**
Financial performance and operational plan performance	**60**	**72**
Market-share performance and customer measures	**20**	**17.2**
People performance	**10**	**11.4**
Transformation and ESG	**10**	**10.4**
Individual performance (Rating: 4)	**30**	**150**
Weighted score	**100**	**123**

SARS

The SARS for 2015 and 2017 were forfeited as the price was below the strike price.

The first tranche of the 2019 SARS vested in June 2022 but were below the strike price.

The expiry of the 2016 SARS was extended by five years to 2027.

Retention shares

The 2016 shares vested as the service condition and performance rating was met with 874 shares vesting.

Share options

80 000 share options were awarded in November 2014 in terms of the 2012 Share Option Scheme at a grant price of R101.20 and expire in November 2024.

Total reward

Awarded remuneration (R'000)	2022	2021
Salary	**4 861**	4 371
Medical aid	**230**	205
Retirement benefit	**348**	419
Other benefits	**113**	100
Total fixed earnings**	**5 552**	5 095
STI	**1 068***	2 938^
SARs	**–**	–
Retention shares	**55^^**	1 258
LTI	**55**	1 258
Total awarded remuneration	**6 675**	9 291

* *Relates to 2021 performance.*
** *There were extended periods of temporary salary reductions in FY2021 compared to FY2022. Apply caution when comparing the two periods.*
^ *Relates to 2020 performance.*
^^ *Value as per 5 November 2021 SENS announcement in respect of 874 vested shares.*

Individual scorecard

Key performance measures	Outcome
Execute the Group's F22 one year action plan as signed off by the Board on all agreed deliverables and time plans	Met
Ensure delivery continues toward the Group's wider goals laid out in the approved three year (F22 – F24) plan	Exceeded
Ensure recovery in staff morale and remuneration risks arising from the after effects of "Project Genesis". NPS to move from 10.4 to 18.	Exceeded
All and any Exco changes to be transformative. • Finance and IT functions improvement in skill and depth of talent.	Exceeded
Meet Associate investment and operational targets.	Threshold
Individual performance score	**Rating: 4**

Unvested awards made to the CEO during prior years and FY2022:

Year awarded	Number of awards	Vesting structure	Expiry date	Fair value at 28 February 2022 (R'000)
2019 SAR	4 927	1/3rd June 2022;	June 2025	**–**
2019 RS	38 356	1/3rd June 2023;		**2 775**
		1/3rd June 2024		
2020 SAR	333 104	1/3rd June 2023;	July 2025	**12 458**
2020 RS	27 504	1/3rd June 2024;		**1 990**
		1/3rd June 2025		
2021 SAR*	205 530	1/3rd June 2024;	July 2026	**3 227**
2021 RS*	16 970	1/3rd June 2025;		**1 228**
		1/3rd June 2026		

* *LTI award made to Darren Hele in June 2021*

Group Financial Director – Lebo Ntlha

Kelebogile (Lebo) Ntlha (38)

Group Financial Director

CA(SA), MBA, PGDip Tax

Resigned effective 30 November 2021

Total reward

Awarded remuneration (R'000)	2022^^	2021
Salary	**3 044**	2 601
Medical aid	**43**	55
Retirement benefit	**165**	76
Other benefits	**–**	–
Total fixed earnings	**3 252**	2 732
STI	**0***	870^
SARs	**0**	–
Retention shares	**29^^^**	389
LTI	**29**	389
Total awarded remuneration	**3 281**	3 991

* *Relates to 2021 performance.*

^ *Relates to 2020 performance.*

^^ *The above values in respect of 2022 are actual up until her departure.*

^^^ *Value as per 5 November 2021 SENS announcement in respect of 457 vested shares.*

Group Financial Director – Deon Fredericks

Deon Jeftha Fredericks (61)

Group Financial Director

BCompt (Hons), Business Management (Hons), CA(SA), CIMA

Appointed 1 August 2021 as Group Financial Director – elect

Total reward

Awarded remuneration (R'000)	FY2022*
Salary	**2 042**
TCC	**2 042**
STI	**–**
SARs	**–**
Retention shares	**–**
LTI	**–**
Total awarded remuneration	**2 042**

* *The above values in respect of FY2022 reflect Deon Fredericks's remuneration from his effective appointment date 1 August 2021. Mr Fredericks was appointed on a fixed-term contract, hence no other fixed compensation elements apply.*

There have been no termination payments to executives during the year.

During the period under review, in line with the policy, pro rata vesting of LTI grants were applied in respect of a participant.

Non-executive directors' remuneration

	2022 R'000	2021 R'000
NJ Adami	**632**	567
SL Botha	**1 009**	911
CH Boulle	**853**	585
DJ Fredericks (appointed as Group Financial Director 1 August 2021)	**314**	445
N Halamandaris	**672**	502
JL Halamandres	**389**	238
AK Maditse	**652**	507
TE Mashilwane (resigned 23 July 2021)	**325**	576
F Petersen-Cook (appointed 1 June 2021)	**505**	–
B Mathe (appointed 20 October 2021)	**183**	–
Total	**5 534**	4 331