



# The Foschini Group Limited Remuneration Committee Charter

---

---

## Table of Contents

---

1.	<i>PREAMBLE</i>	3
2.	<i>MEMBERSHIP</i>	3
3.	<i>TERMS OF REFERENCE AND POWERS</i>	4
4.	<i>MEETINGS &amp; PROCEEDINGS</i>	6
5.	<i>REPORTING AND ACCOUNTABILITY</i>	8
6.	<i>REMUNERATION</i>	8
7.	<i>PROCESS FOR REVIEW OF CHARTER</i>	8

## 1. PREAMBLE

- 1.1. The Remuneration Committee (“the Committee”) is constituted as a committee of the Board of directors of TFG Limited (“TFG”, “the Company”). The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.
- 1.2. 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 skill in accordance with their statutory and common law obligations.
- 1.3. These terms of reference are subject to the provisions of the Companies Act 71 of 2008 as amended (“the Companies Act”), TFG’s Memorandum of Incorporation, the Johannesburg Stock Exchange Listings Requirements (“JSE Listings Requirements”) and any other applicable law or regulatory provision. 1.4
- 1.4. The purpose of these terms of reference is to set out the Committee’s role and responsibilities, the requirements for its composition and its meeting procedures.

## 2. MEMBERSHIP

### 2.1. Composition

- 2.1.1. The Committee shall comprise of at least three non-executive directors, a majority of whom are independent. Executive directors attend Committee meetings by invitation.
- 2.1.2. Members of this Committee and its chairperson are nominated by the Board.
- 2.1.3. The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

### 2.2. Role

- 2.2.1. The Committee has an independent oversight role and makes 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.
- 2.2.2. The role of the Committee is to assist the Board in ensuring that:
  - 2.2.2.1. The Company remunerates directors, executives and prescribed officers fairly and responsibly, and that remuneration is set taking

the long-term interests of TFG and the principle of delivering shareholder value into account.

2.2.2.2. An effective remuneration policy is in place which supports TFG's strategic business plan and that such remuneration policy is applied consistently throughout TFG at all employee levels.

2.2.2.3. The disclosure of director and other executive remuneration is accurate, complete and transparent.

### **3. TERMS OF REFERENCE AND POWERS**

#### **3.1. Responsibilities**

In fulfilling its role, the Committee's responsibilities include the following -

- 3.1.1. Oversee the establishment of a remuneration strategy, philosophy and policy that will promote the achievement of TFG's strategic objectives and encourage individual performance.
- 3.1.2. Review the implementation of the remuneration policy as well as all elements of remuneration, and monitor whether the set objectives are being achieved and the incentive schemes are being properly administered.
- 3.1.3. Oversee the setting of remuneration quanta at all levels in TFG. In certain instances this will entail the approval of salary and increase mandates within TFG for employees below executive level, including a recommendation to the board for union negotiations. For directors, executives and prescribed officers the Committee shall review and approve all fixed and variable remuneration informed by market benchmarks.
- 3.1.4. Consider the results of the board performance evaluation of the Chief Executive Officer ("CEO") and other executive directors and prescribed officers when reviewing and approving levels of remuneration.
- 3.1.5. Ensure that the mix of fixed and variable remuneration is balanced, meets TFG's needs and strategic objectives, and is within the Company's financial constraints.
- 3.1.6. Select an appropriate comparative group when comparing remuneration levels for benchmarking at all levels within TFG.
- 3.1.7. Ensure that all benefits, including retirement benefits and other employee allowances (for example travel and housing allowances), are justified and correctly valued, and are considered for annual increases.

- 3.1.8. Review the design of short term and long term incentives to ensure that such incentives are relevant; market related and support shareholder value creation. Approve any amendments to the design (for example amendments to the mechanics of the incentive structures) or participation criteria.
- 3.1.9. Satisfy itself as to the definition and accuracy of recorded performance measures and targets that govern the vesting of short term and long term incentives, at divisional and group level.
- 3.1.10. The Committee should ensure that the performance measures (targets) set for the vesting of short term and long term incentives are aligned with TFG's risk and control policies and are sufficiently stretching to generate shareholder value.
- 3.1.11. Approve the participants of long term incentives schemes, and make award allocations to participants in line with market benchmarks.
- 3.1.12. Consider the appropriateness of early vesting of share-based awards on termination of employment, in line with the provisions of the relevant long term incentive plan rules.
- 3.1.13. Ensure that all laws applicable to the remuneration policy and philosophy are adhered to. The Committee must also ensure that all pay practices comply with the Employment Equity Act 55 of 1998 as amended, the Regulations thereto and the Code of Good Practice on Equal Pay/Remuneration for work of Equal Value.
- 3.1.14. Formulate and recommend to the Board the remuneration of non-executive directors, for final approval by the shareholders. This includes putting proposed fees to shareholders for a vote at the annual general meeting ("AGM") of shareholders, in compliance with the Companies Act.
- 3.1.15. Oversee the preparation of and recommending to the Board the remuneration report, to be included in the annual integrated report, ensuring that it is -
  - 3.1.15.1. Is accurate, complete and transparent; and
  - 3.1.15.2. Provides a clear explanation of TFG's remuneration policy and the implementation thereof.
- 3.1.16. Manage stakeholder relations with investors and other stakeholders deemed appropriate on remuneration matters at the AGM and throughout the year.

- 3.1.17. Determine the policy for, as well as the terms and conditions of, service agreements for the executive management team, termination payments and remuneration commitments for new appointments annually.
- 3.1.18. Ensure that the remuneration policy is put to a non-binding advisory vote by shareholders at the AGM.
- 3.1.19. Liaise with the nomination committee and Board chairperson on the succession plans of senior management.
- 3.1.20. Liaise with other Board subcommittees, including the risk committee, the audit committee, the social and ethics committee and the nomination committee on remuneration affairs in the broader context of risk, disclosure and social responsibility matters; and

### 3.2. **Authority**

- 3.2.1. The Committee acts in terms of the delegated authority of the Board as recorded in these terms of reference.
- 3.2.2. The Committee, in the fulfilment of its duties, may call upon the chairpersons of the other Board committees, any of the executive directors, officers or company secretary to provide it with information, after following a Board approved process.
- 3.2.3. The Committee has access to all of the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 3.2.4. The Committee may form, and delegate authority to, subcommittees as well as to one or more designated members of the Committee.
- 3.2.5. The Committee has the right to obtain independent external professional advice to assist it with the execution of its duties, at the company's cost, after following a Board approved process.
- 3.2.6. The Committee may, in order to avoid a conflict of interest, request that the executive management committee (through independent advice, if required) recommend a fee structure for non-executive directors.

## 4. **MEETINGS & PROCEEDINGS**

### 4.1. **Frequency**

- 4.1.1. The Committee must hold a sufficient number of scheduled meetings to discharge all of its duties as set out in these terms of reference and must hold a minimum of two meetings per year.
- 4.1.2. Meetings in addition to those scheduled may be held at the request of the CEO, head of human resources or other members of senior management or at the instance of the Board.
- 4.1.3. The chairperson of the Committee may meet with the CEO, head of human resources and/ or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

#### 4.2. **Attendance**

- 4.2.1. The CEO, chief financial officer, head of human resources or other members of senior management, assurance providers, professional advisors and Board members may attend Committee meetings, but by invitation only and they may not vote. Any invitees are required to leave the meeting when their remuneration is discussed.
- 4.2.2. Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless a prior apology, with reasons, has been submitted to the chairperson or company secretary.
- 4.2.3. Meetings may be conducted and/or attended electronically.
- 4.2.4. The secretary of this Committee is the Head of TFG Human Resources.
- 4.2.5. If the chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairperson of the meeting.
- 4.2.6. Resolutions may be approved in "round robin format", provided that each director receives notice of the matter to be decided.

#### 4.3. **Agenda and minutes**

- 4.3.1. 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 work 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 annually while other matters may be dealt with on a rotation basis over a two-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual work plan.

- 4.3.2. A detailed agenda, together with supporting documentation, must be circulated with adequate notice prior to each meeting to all attendees. This is to allow Committee members to be fully prepared for Committee meetings.
- 4.3.3. The minutes must be completed as soon as possible after the meeting and circulated to the chairperson and members of the Committee for review. The minutes must be formally approved by the Committee at its next scheduled meeting.
- 4.3.4. A representative quorum for meetings is a majority of members present.

## **5. REPORTING AND ACCOUNTABILITY**

- 5.1.1. The chairperson of the Committee must provide regular feedback to the Board on decisions taken by the Committee, including compliance with its terms of reference.
- 5.1.2. Ensure that the chairperson of the Committee or in his/her absence, an appointed deputy, attends the AGM or similar forums to answer questions about the remuneration strategy and policy.

## **6. REMUNERATION**

- 6.1.1. Having regard to the functions performed by the members of the Committee in addition to their functions as directors and in relation to the activities of the Committee and pursuant to the specific power conferred upon the Board by the constitutional documents of TFG Limited, members of the Committee shall be paid such special remuneration in respect of their appointment as shall be recommended by the Board and approved by shareholders

## **7. PROCESS FOR REVIEW OF CHARTER**

- 7.1. The Board must review the effectiveness of the Committee annually.
- 7.2. The Committee must review its own effectiveness on an annual basis, and submit a report to the Board to this effect as part of the Board's annual review.
- 7.3. These terms of reference were approved by the chairperson of the Board and chairperson of the Committee on 10 November 2015 and will be due for review on an annual basis.