SECTION B: AN OVERVIEW OF OUR REMUNERATION POLICY

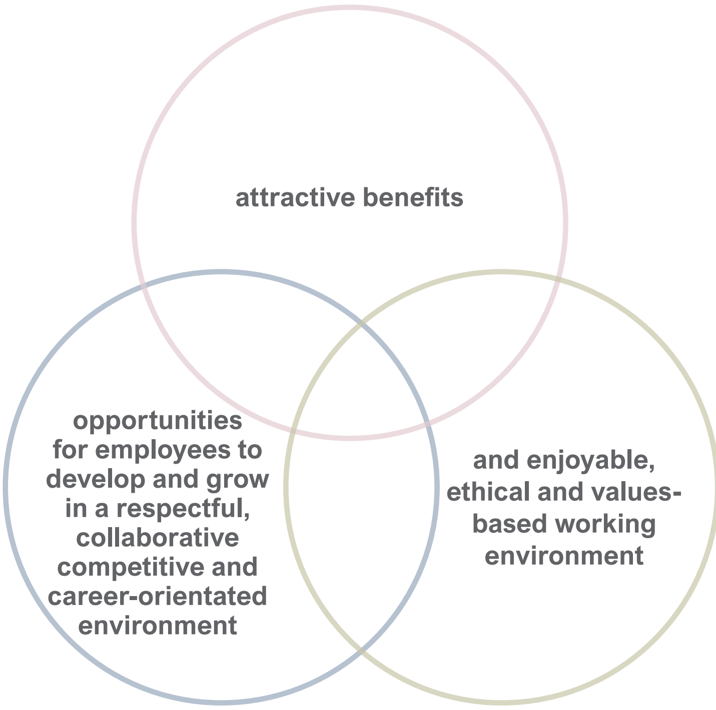
The principles and philosophy that define our policy

TFG's remuneration policy aims to attract, engage and retain the best talent, which is essential for executing our business strategy and achieving performance objectives. The remuneration policy aligns with TFG's approved risk and governance framework, optimising sustainable and long-term returns for shareholders and considers the implications on all stakeholders in determining our policy and final outcomes.

The policy seeks to achieve the following principal objectives:

External equity: employees are rewarded in line with national and retail market benchmarks, taking all relevant and appropriate factors into account	Read more on page 138.
Internal equity: employees are remunerated fairly in relation to one another and in recognition of their individual contribution and accountability	Read more on page 138.
Performance alignment: employees are aware of the requirements for sustained performance in terms of rewards	Read more on page 137.
An appropriate remuneration mix: employees are aware of the need to establish a balance between cash salary, benefits, annual incentives and deferred long-term incentives to drive performance and values-based behaviours	Read more on page 137.

Remuneration must be balanced with:



The remuneration policy applies to all employees and aims to fairly reward individual performance, behaviour and accountability. The policy is designed to achieve a fair and sustainable balance between guaranteed pay and variable pay as appropriate across varying levels within the organisation.

Annual performance reviews are conducted for all employees and individual career plans are developed for high-performance employees who demonstrate potential. These high-performance employees are offered specific training and development support to advance their careers and pay progression is aligned with their actual performance and experience.

Principles of fair and responsible remuneration

TFG is committed to fair and responsible remuneration and has given particular focus to developing principles, consistent methodologies and measures to ensure this is implemented.

The management of remuneration, including appointment and pay progression, is governed by clearly defined policies. TFG is committed to fairly differentiating pay based on work of equal value, competitive market rates and individual performance and contribution.

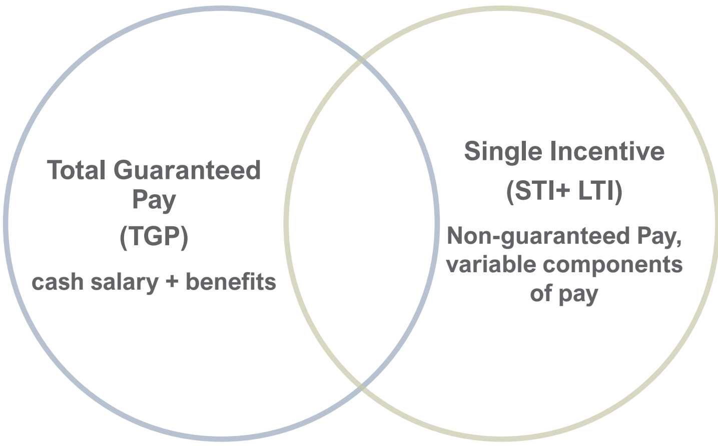
Processes are in place to regularly measure pay differentials and identify and correct, where necessary, any pay disparity based on race or gender.

TFG provides all employees with the chance to grow their earnings through continuous training and skills development, and by leveraging opportunities for career progression by applying for internal positions. For example, an employee starting out as a sales associate could, through the assistance of various TFG programmes over a period of three to five years, move into a store management role.

Details about our remuneration mix

The remuneration mix comprises guaranteed and variable elements.

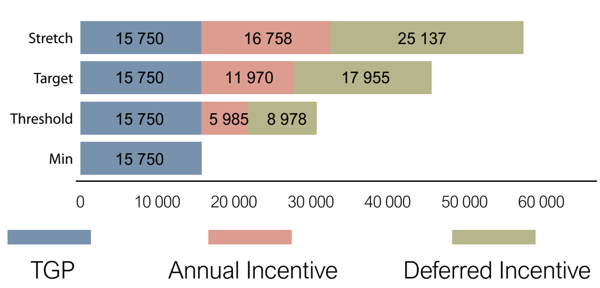
The remuneration mix includes:



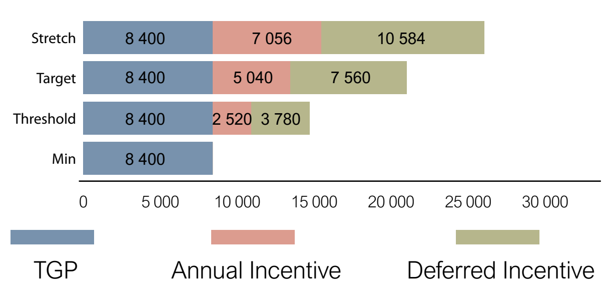
The remuneration mix varies by the employee level within the organisation as approved by the Remco. The principle followed is that a greater proportion of total remuneration, particularly at the senior level, is at risk should satisfactory performance levels not be achieved.

The pay mix and possible pay outcomes for FY 2024 are set out below at different performance scenarios for the CEO and CFO.

CEO pay mix (R'000)



CFO pay mix (R'000)



Further details of the Single Incentive Plan are set out in the variable pay section on page 139.

Remuneration **report** continued

Total guaranteed pay (TGP)

Total guaranteed pay (TGP)

Cash Salary

Cash salary is intended to attract and retain key talent, with a focus on external market equity, internal equity and equal pay for work of equal value.

- Pensionable and non-pensionable cash salary
- A tenure-based 13th cheque for permanent employees Peromnes Grade 10 and below

Applicable to all permanent employees

Benefits

Benefits influence the attraction and retention of key talent.

TFG Retirement Fund

The company contribution is 12% of pensionable salary.

A flexible member contribution of between 3% and 18% of pensionable salary applies.

Group life and disability benefits

All permanent employees participate in Group life and disability benefits, subsidised in full by TFG.

Applicable to all permanent employees

TFG medical aid scheme (where applicable)

TFG provides a 50% subsidy for all approved dependants on the in-house medical aid for permanent employees Peromnes Grade 10 and below. This eases the cost of living for employees.

External and internal equity

The Group is committed to fairness from an external market competitiveness and an internal equity perspective. TGP is determined by considering trading conditions and affordability, and forms part of the social component in our ESG approach, particularly when considering our most vulnerable employees.

External equity:

The Remco is particularly mindful about the retention of key executives, and this year's further focus has been on ensuring the external competitiveness of our remuneration.

> Best practice remuneration processes position TFG's remuneration ranges at the most appropriate levels to ensure we remain competitive in the market for each role.

> To achieve external equity, TFG relies on market information (e.g. REMchannel®, DG Capital Executive Remuneration Survey and benchmarking based on TFG's selected comparator groups) as well as TFG's pay positioning strategy. The benchmarking was performed in 2022 and therefore is still deemed to be appropriate. The results have been included in this report as disclosed in the 2022 Integrated Annual Report.

Base increase to CEO and CFO

The executive comparator group falling within our benchmark study included the following companies:

Retail (primary comparator group)	Non-retail (secondary comparator group)
Shoprite	BidCorp
Pepkor	Bidvest
Woolworths	MultiChoice
Clicks	Tiger Brands
Mr Price	Aspen
Spar	Telkom
Pick n Pay	Life Healthcare
Truworths	Distell
Dis-Chem	AVI
Massmart	Motus
	RCL foods

TFG aims to pay executive directors at the upper quartile in consideration of the following:

> The relative complexity of the business
> The diverse nature of the business (retail, logistics, omnichannel, manufacturing)
> The fact that it is multi-jurisdictional (Africa, UK and Australia)

Internal equity:

> Among other factors, an employee's position in the remuneration range depends on individual performance and contribution in their role.
> Best practice talent processes are in place to ensure that employees are equitably placed within the most appropriate remuneration range relative to one another.

TFG considers external and internal equity when new employees enter the business or existing employees are promoted, as well as when conducting annual reviews and/or merit increases.

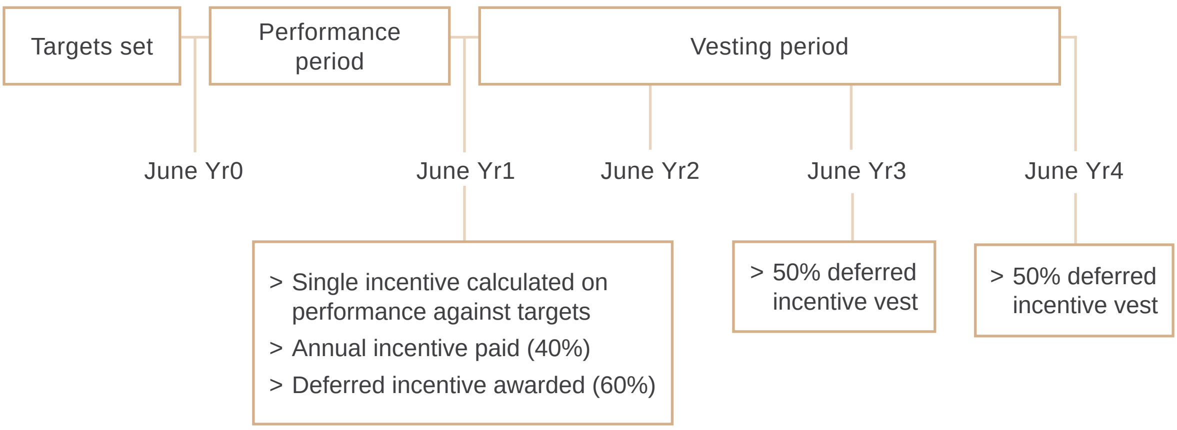
Remuneration increases are guided by and based on comparison with industry peers, independent market surveys such as REMchannel® and national economic indicators. The Remco also considers TFG's trading performance when determining annual increase guidelines. Remuneration increases are awarded after taking into consideration various internal factors such as guidelines, budget constraints, placement in range and individual performance.

TGP increase approved for the CEO and CFO

	FY 2023 TGP	FY 2024 TGP	% movement in TGP
CEO	**R15 million**	R15,75 million	5%
CFO	**R8 million**	R8,4 million	5%

Variable pay

Single Incentive Plan



Remuneration **report** continued

Overview	The Single Incentive is a simplified incentive plan which serves to motivate employees in line with TFG's values, as well as driving the key performance metrics to create increasing value for all stakeholders. In addition to simplification, the objective of the plan is to ensure transparency of outcomes, increased retention, and to encourage a share ownership culture by providing enhanced mechanisms to increase employee shareholding levels to achieve increased alignment with shareholder interests. The plan is designed to encourage executives to meet short-, medium- and long-term strategic objectives. A single performance scorecard, including both financial and strategic indicators, is used, reviewed and adjusted annually, based on the priorities for the upcoming year as well as other considerations including shareholder inputs.
Eligibility	Permanent employees from Peromnes Grade 7 (middle management) and above are eligible to participate. Participation in the long-term deferred portion of a Single Incentive award only includes executives, senior executives and executive directors, unless the Remco determines otherwise.
Operation	The Single Incentive award consists of: a. A single combined STI and LTI (where relevant), determined on the basis of performance conditions consisting of a combination of annually defined company performance measures (Business Modifier) and individual performance measures (Personal Modifier) which are measured over a one-year period. b. A portion of the Single Incentive is payable in cash (an Annual Incentive). All eligible employees will be eligible for this portion, and for employees who are eligible for both STI and LTI portions of a Single Incentive award, the Annual Incentive is 40% of the combined incentive as calculated. c. The balance of the Single Incentive (for executives, senior executives and executive directors, being 60% of the combined incentive as calculated) is deferred into forfeitable shares (Deferred Incentive). In terms of the existing Forfeitable Share Plan 2020, these shares will vest in equal tranches in two and three years, respectively, after the award date. Forfeitable shares entitle a participant to dividend and voting rights from the date of the award. Executive directors also have the option to further invest in the company by electing to defer their Annual Incentive (i.e. the cash portion) into shares, subject to a defined holding period (Deferred Shares). To encourage and further incentivise executive directors to voluntarily defer their Annual Incentive into shares and promote share ownership in the company and its performance, the company will award a 40% match in forfeitable shares (Matching Incentive) which will vest in equal tranches after two and three years, respectively (i.e. the vesting profile equates that of the Deferred Incentive portion of a Single Incentive) which matching incentive shares are also subject to performance conditions as per page 147 of this report. Each performance condition metric is individually weighted and has threshold, on-target and stretch assessment attributions. For executive directors, at the end of each financial year, performance is assessed by the Remco to determine the quanta of the Annual Incentive and Deferred Incentive portions. The formula for calculating the Single Incentive is as follows: **Single Incentive = [TGP x On-target Percentage] x Business Modifier x Personal Modifier** Annual Incentive: Single Incentive x [40%] Deferred Incentive: Number of shares to be settled = [Single Incentive x [60%]]/Volume Weighted Average Price (VWAP) The Deferred Incentive will be settled in forfeitable shares in terms of TFG's Forfeitable Share Plan 2020. Forfeitable shares entitle the participant to dividend and voting rights from the award date, and vest in equal tranches on the second and third anniversaries from the date of award, subject to continued employment.

<table>
<tr><td>On-target percentage</td><td>The on-target percentages for Single Incentive which refer to the combined STI and LTI components:

CEO: 190% of TGP (FY 2023 – 190%)
CFO: 150% of TGP (FY 2023 – 150%)
Stretch = 140% of On-target
Threshold = 50% of On-target</td></tr>
<tr><td>Performance measures</td><td>A balanced scorecard is used to determine the Single Incentive. Company performance metrics for executives are:

<table>
<tr><th>Metric</th><th>Weighting</th><th>Targets</th></tr>
<tr><td>HEPS*</td><td>40%</td><td>Threshold – 963,4c
Target – 1 040,5c
Stretch – 1 069,4c</td></tr>
<tr><td>Group ROCE</td><td>30%</td><td>Threshold – 13,3%
Target – 14%
Stretch – 15%</td></tr>
<tr><td>Strategic Objectives:</td><td></td><td></td></tr>
<tr><td>ESG: People and Transformation</td><td>7,5%</td><td>> Create jobs via acquisition and organic growth in stores and factories</td></tr>
<tr><td>ESG: Procurement</td><td>10%</td><td>> Increase in local sourcing and supplier development
> Sustainable sourcing of cotton</td></tr>
<tr><td>Customer</td><td>12,5%</td><td>> Successful implementation of the new Riverfields distribution centre to support an omni-channel strategy
> Further Bash specific development supporting omnichannel sales</td></tr>
</table>

Note:
* The HEPS target in the table above is used for remuneration purposes only and does not constitute an earnings forecast.</td></tr>
<tr><td>Personal modifier</td><td>Single Incentive can be modified between 75% and 125% of the calculated award based on criticality and individual performance criteria.</td></tr>
<tr><td>Vesting modifier</td><td>Shares allocated as part of the Deferred Incentive can be modified downwards by a maximum of 25% if pre-determined long-term targets are not achieved. See below for details of the Vesting Modifier and the targets set for the FY 2024 Deferred Incentive.</td></tr>
<tr><td>Holding period and MSR</td><td>Prior to vesting, any forfeitable shares acquired by virtue of the Deferred Incentive, Deferred shares and/or Matching Incentive could at the election of the employee be automatically subjected to further holding periods, the purpose of which is to facilitate enhanced share ownership (also referred to as a minimum shareholding requirement) among employees to whom the MSR policy applies.</td></tr>
<tr><td>Termination of employment</td><td>Annual Incentives are forfeited in full, and no Deferred Incentive is awarded if employment is terminated before the date on which the Annual Incentive is paid, or the forfeitable shares (Deferred Incentive) are awarded.

Termination after the award date of the forfeitable shares (Deferred Incentive) will be treated in accordance with the Forfeitable Share Plan (FSP) 2020:

> Resignation or dismissal: unvested forfeitable shares will be forfeited.
> Death, retirement, voluntary retirement, retrenchment, disability or s197 transfer: awards will vest early and pro-rated to take into account the number of completed months served during the vesting period.</td></tr>
</table>

Setting of Financial and Strategic Targets

The Supervisory Board guides and approves the overall strategy for TFG and approves the budget presented by management which is used as a base for the targets Remco set for the Single Incentive. These targets set are based on robust deliberations by the Remco with the input from management and independent advisors.

Vesting Modifier

Post the 2022 AGM, as part of the shareholder engagement process that we have implemented for the past three years, the Remco Chairman engaged with key shareholders, as well as any shareholder that provided feedback, regarding their reasons for not supporting the vote for the Remuneration Policy. Two of the pervasive key issues identified by shareholders are:

a) The targets are not set for long-term performance
b) There is not sufficient downside risk for management should the longer-term strategy not be delivered

The Remco decided to commission a detailed exercise of identifying possible solutions to these challenges, as well as outlining the potential strengths and weaknesses of various approaches.

Together with the input received from key stakeholders, including some of our key shareholders as well as external consultants, the Remco approved the vesting modifier to be implemented from FY 2024 onwards for any shares allocated as part of the Deferred Incentive.

In essence, the vesting modifier functions as a penalty should pre-determined targets not be met. The share vesting of the Deferred Incentive can be modified downwards by a maximum of 25%.

The targets for shares allocated as part of the FY 2024 Deferred Incentive are as follows:

a) Omnichannel strategy – successful execution of the Bash strategy (aligned to profitability)
b) Returns on acquisition/investment – this target is based on a balanced scorecard which includes:
   > A minimum return on the acquisition of Tapestry
   > Investment in local manufacturing in relation to TFG's localisation of manufacturing strategy
   > Diversification and growth of the Value-Added Services business
   > TFG's beauty range strategy
c) Minimum ROCE to be at least equal to WACC

In the interests of confidentiality and to not divulge competitively sensitive information, targets related to these strategies cannot be disclosed in this report, but will be reported retrospectively as and when the vesting modifier is assessed.

Share scheme limits and manner of settlement

The Remco does not permit the total number of allocated shares issued across all schemes to exceed the following limits:

> 1% individual limit
> 5% Group limit

These limits have been incorporated into the 2020 FSP Rules and 2020 Share Appreciation Rights Rules which were approved by shareholders at the 2020 AGM. The Deferred Incentive shares are settled under the FSP.

The FSP shares are settled through on-market purchases and therefore do not result in any dilution to shareholders. The usage of the dilution limits in the financial year ended March 2023 is well below these limits and is set out in section C below.

Malus and clawback

TFG applies the principles of malus and clawback for all past and present variable remuneration awards.

Malus

Any variable pay may be reduced in whole or in part prior to payment or vesting thereof, after an actual risk event (trigger event) occurs which, in the judgment of the Remco, had arisen during the relevant vesting, pay-out or financial period.

In the event of termination of employment during the vesting period of an award, the Remco will consider whether a trigger event arose between the award date and the date of termination of employment.

Clawback

The Remco may apply clawback and take all necessary steps to recover the value of awards that have vested or incentives that have been paid out (on a pre-tax basis) as a consequence of a trigger event, which, in the judgement of the Remco, arose during the clawback period. The clawback period runs for three years from the vesting date of the awards or the incentive payout. In the event of a breach of director's duties and/or TFG policies by a participant, TFG reserves the right to pursue any remedies available to it in terms of the clawback policy, as well as by way of common and statutory law.

The summarised trigger events for the application of malus and clawback include, but are not limited to:

> Employee dishonesty, fraud or gross misconduct.
> A material misstatement of the financial results for the performance or employment period of the award, resulting in an adjustment in the audited consolidated annual financial statements of TFG (or any employer company).

> The assessment of any performance metric or condition (where applicable) in respect of an award which was based on error, or inaccurate or misleading information.
> Any information used to determine the quantum of a cash STI or LTI scheme payment or Single Incentive, or the number of shares subject to an LTI award was based on error, or inaccurate or misleading information.
> Events or behaviour of the employee that had a significant detrimental impact on the reputation of TFG.

Decisions made by the Remco regarding the application of malus and/or clawback are final and binding.

Minimum shareholding requirement

In line with our philosophy of complying with best practice corporate governance, the Remco introduced an MSR for executives from the 2022 financial year onwards. The rationale for this is to ensure that the interests of executives are further aligned to that of our shareholders. This also further entrenches our executives' commitment to driving long-term sustainability for all stakeholders.

The salient terms of the MSR policy are as follows:

> A target minimum shareholding must be accumulated over a period of five years from the introduction of the MSR policy (i.e. with effect from 1 June 2021) or the appointment of the executive, whichever is the later.
> At the target date (i.e. 1 June 2026 or five years post the date of the appointment of the executive), the Remco will assess whether eligible executives have met the relevant MSR minimum shareholding target.
> All shares which are vested (regardless of the method of acquisition, and including shares acquired in a personal capacity and shares acquired from proceeds of variable incentives, or acquired through variable incentives) will be taken into account when assessing whether the target minimum shareholding has been met.

The table below sets out the target MSR for executives to achieve over the five-year period.

Participant	Target MSR as a percentage of annual TGP
CEO	**200%**
CFO	**100%**
Executive committee members and prescribed officers	**75%**

In accordance with the MSR policy, if circumstances were reasonable to such an extent that the executive could have met their target, the Remco reserves the right to apply a penalty should the target minimum shareholding not be met at the target date. Actions available to the Remco include, but are not limited to, the mandatory deferral of forthcoming Annual Incentives into shares and subjecting the resultant shares to a holding period, as well as subjecting any vested Deferred Incentives to a holding period, until the minimum shareholding target has been met.

The number of shares required to be held by the CEO is aligned with his base pay of R15 million as at 31 March 2023. The CEO was previously required to hold 149 254 shares for MSR purposes but applying his percentage increase to his TGP, he is now required to hold 223 881 shares.

Restraints and minimum service agreements

TFG has restraint of trade and minimum service agreements in place for the CEO, CFO and Operating Board members. These agreements exist for the duration of employment and contain notice periods of between six and twelve months. In the event of summary dismissal on the grounds of misconduct (for example, dishonest or fraudulent conduct), notice periods do not apply.

Ex gratia or other lump sum payments on severance or retirement

There are currently no agreements in place that provide for *ex gratia* or other lump sum payments to executives on severance or retirement. Executives who depart are not awarded "golden handshakes". There are no *ex-gratia* payments made in the event of a merger or takeover or for any special projects undertaken.

Non-executive directors (NEDs)

NED fees are based on market benchmarks and the level of increased responsibility of regulatory oversight placed on NEDs due to TFG's international expansion. The arrangements pertaining to NEDs (South African resident and foreign) are set out below:

> NEDs are appointed for a three-year term on recommendation by the Nomination Committee.
> NEDs may be eligible for re-election depending on their annual performance evaluation.
> NEDs are paid a base fee as well as a committee fee based on the number of committees on which they serve.
> NEDs are reimbursed by TFG for all travel expenses incurred during the course and scope of their duties in accordance with TFG's approved travel policy.
> NEDs do not receive any form of variable pay.
> No NEDs have service contracts with the Group.

Remuneration **report** continued

The proposed NED fees for the period 1 October 2023 to 30 September 2024 will be tabled for approval by the shareholders at the 2023 AGM.

	FY 2023 NED fees	FY 2024 NED Fees	% increase
Chairman (all inclusive)	R1 575 000	R1 653 750	5%
Director (South African)	R451 500	R474 075	5%
Director (Foreign)	R681 345	R715 412	5%
Audit Committee chairperson	R370 440	R388 962	5%
Risk Committee chairperson	R273 000	R286 650	5%
Remco chairperson	R336 000	R352 800	5%
Social and Ethics Committee chairperson	R143 876	R151 070	5%
Member/Invitee of Audit Committee	R156 555	R164 383	5%
Member/Invitee of Risk Committee	R122 378	R128 497	5%
Member of Remco	R98 123	R103 029	5%
Member of Social and Ethics Committee	R79 380	R83 349	5%
Member of Nomination Committee	R52 148	R54 755	5%
Member of ad hoc Finance Committee	R52 148	R54 755	5%

All NED fees are VAT exclusive.

Voting on the remuneration policy

TFG tables its remuneration policy for a non-binding advisory vote by shareholders at the AGM each year. We encourage shareholders to support the remuneration policy as presented, and look forward to positive voting outcomes.