

**1. Introduction**

- 1.1 The Remuneration and Nominations Committee (Committee) is constituted as a committee of the board of directors (Board) of Mr Price Group Limited (Company or Group) and as required by the JSE Listings Requirements.
- 1.2 The Committee thus derives its authority from the Board.
- 1.3 The duties and responsibilities of the members of the Committee as set out in this mandate are in addition to those as members of the Board. The deliberations of the Committee do not reduce the individual and collective responsibilities of the directors in regard to their fiduciary duties and responsibilities and they must continue to exercise due care and judgement in accordance with their legal obligations.
- 1.4 This mandate is subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation, the JSE Listings Requirements and any other applicable law or regulatory provision.

**2. Composition and tenure**

- 2.1 The Committee shall have a minimum of three members all of which are non-executive directors, and the majority of whom are independent. The chair of the Board should be a Committee member.
- 2.2 The CEO should not be a member of the Committee but should attend meetings by invitation.
- 2.3 The Committee members shall be appointed annually by the Board.
- 2.4 The Committee must as a whole have the necessary knowledge, skills, experience and capacity to fulfil its duties.
- 2.5 The Board shall annually appoint an independent non-executive to chair the Committee. The chair of the Board may not be the Committee chair.
- 2.6 The Committee has an indefinite tenure, unless otherwise determined by the Board or applicable law or regulatory provision and subject to the evaluation of the Committee.

**3. Authority**

- 3.1 The Committee acts in terms of the delegated authority of the Board as recorded in this mandate and is accountable for its performance in this regard and has the power to investigate any activity within the scope of its mandate. The Board remains ultimately accountable for responsibilities delegated to the Committee and retains the power to make decisions in this regard.
- 3.2 The Committee may consult with specialists or consultants, at the Company's cost, to assist it with the performance of functions, but must consult with either the Board chair or lead independent director prior to doing so. Such specialists or consultants may be invited to present at Committee meetings on matters in respect of which they have been consulted.
- 3.3 The Committee, in the fulfilment of its duties, may call upon the chairs of the Board and Board committees, any of the executive directors, the company secretary or other executives of the Company to provide it with information.
- 3.4 The Committee has reasonable access via the CEO to the Group's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 3.5 The Committee may form sub-committees and delegate authority to one or more designated members of the Committee or to one or more executives of the Company.

**4. Role and responsibilities****Remuneration**

- 4.1 The Committee has the delegated responsibility for setting the direction for how remuneration is approached and addressed on a Group-wide basis by way of remuneration policy, and has the responsibility to oversee that the implementation and execution of the policy achieves its objectives of fair, responsible and transparent remuneration. In addition, the Committee oversees the reporting of the Group's remuneration and nominations activities.
- 4.2 The Committee has an independent role with accountability to the Board. The Committee is not an executive committee and as such it shall not perform any management function or assume the functions of management.
- 4.3 To fulfil its role, the Committee must oversee the establishment of a remuneration policy that addresses Group-wide remuneration and which will achieve the following objectives –
  - 4.3.1 promote the achievement of the Group's strategic objectives;
  - 4.3.2 attract, motivate, reward and retain associates;
  - 4.3.3 promote positive outcomes;

- 4.3.4 encourage individual and team performance; and
- 4.3.5 promote an ethical culture and responsible corporate citizenship.
- 4.4 The Committee should also ensure that it, in conjunction with management, develops a remuneration implementation framework in line with the Group's remuneration policy. For clarity, the remuneration policy is the overriding structure and the remuneration implementation framework is the structured process by which the policy is executed by management and reviewed by the Committee.
- 4.5 In addition the Committee is to -
  - 4.5.1 ensure that the annual disclosure of director and executive remuneration is accurate, complete and transparent;
  - 4.5.2 ensure that the granting and exercise of share options or any other share scheme matter recommended to the trustees for action have been properly authorised by the CEO and recommended by the Committee;
  - 4.5.3 determine and review the terms of appointment of the executive directors and executive employees of the Company;
  - 4.5.4 oversee the setting and administering of remuneration at all levels in the Group and fix the remuneration packages of individual executives within the remuneration policy and framework as agreed by the Board to ensure that the remuneration of executive management is fair and reasonable in the context of overall employee remuneration in the Group;
  - 4.5.5 review the outcomes of the implementation of the remuneration policy to establish whether the set objectives are being achieved;
  - 4.5.6 ensure that the mix of fixed and variable pay in cash, shares and other components meets the Group's needs and strategic objectives as well as those of the associates;
  - 4.5.7 satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives,
  - 4.5.8 ensure that all benefits, including retirement benefits and other financial arrangements, are justified and fair;
  - 4.5.9 consider the results of the evaluation of the performance of the CEO and other executive directors, which evaluation should include performance measures which support positive economic, social and environmental outcomes, in determining remuneration;
  - 4.5.10 with outside advice, if considered necessary, select an appropriate comparative group when comparing remuneration levels;
  - 4.5.11 regularly review incentive schemes to ensure that they continue to contribute to added shareholder value and are administered in terms of the rules;
  - 4.5.12 consider the appropriateness of early vesting of shares at the end of employment in terms of share-based schemes;
  - 4.5.13 under advice from the company secretary and executive directors, evaluate the remuneration of non-executive directors with any change being put to shareholders, by way of a special resolution in the AGM before implementation; and
  - 4.5.14 oversee the preparation and recommendation to the Board of the remuneration report (incorporating the background statement, remuneration policy, and remuneration implementation report) to be included in the annual integrated report to ensure that it:
    - 4.5.14.1 is accurate, complete and transparent;
    - 4.5.14.2 provides a clear explanation of how the remuneration policy has been implemented; and
    - 4.5.14.3 provides sufficient forward-looking information for the shareholders to pass a special resolution in terms of section 66(9) of the Companies Act.

## **Nominations**

- 4.6 The Committee assists the Board in achieving the composition necessary to attain the appropriate balance of knowledge, skills, experience, diversity, and independence, and is responsible for the oversight of -
  - 4.6.1 the process for nominating, electing and appointing members of the Board;
  - 4.6.2 succession planning in respect of Board members; and
  - 4.6.3 the evaluation of the performance of the Board.
- 4.7 To fulfil these responsibilities, the Committee must
  - 4.7.1 ensure the establishment of a formal and transparent process for the appointment of directors, which includes:
    - 4.7.1.1 the identification of suitable members for Board appointment, taking into account the collective knowledge, skills (specifically retail skills) and experience required by the Board, the characteristics required to offer ethical and effective leadership, the promotion of diversity, the Board's targets for race and gender representation and whether the candidate meets the appropriate fit and proper criteria;

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## **Remuneration and Nominations Committee Mandate**

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- 4.7.1.2 the performance of reference and independent background checks of candidates to verify qualifications prior to nomination;
- 4.7.1.3 formalising the appointment of directors in a letter of appointment;
- 4.7.1.4 the provision by candidates of details of professional commitments and a statement that confirms that the candidate has sufficient time available to fulfil the responsibilities as a director; and
- 4.7.1.5 approval of nominated candidates by the Board as a whole;
- 4.7.2 oversee the development of a formal induction programme for new directors and ensure that the new directors are inducted timeously;
- 4.7.3 ensure that directors with no or limited governance or retail experience are developed through a mentorship programme and are encouraged to undergo training;
- 4.7.4 oversee the development and implementation of continuing professional development programmes for directors;
- 4.7.5 ensure that directors receive regular briefings on legal and corporate governance developments, and risks and changes in the external environment in which the Group operates;
- 4.7.6 consider the performance of directors and, together with the Board chair of the, take steps to remove directors who do not make an appropriate contribution;
- 4.7.7 recommend to the Board a replacement for the CEO when that becomes necessary;
- 4.7.8 ensure that there is a directors' rotation policy that ensures periodic staggered rotation to invigorate its capabilities by introducing members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity and in this regard, identify and nominate directors for retirement by rotation based on statutory requirements, and nominate such directors for re-election, if appropriate and based on such directors' performance, including attendance at meetings of the Board and committees;
- 4.7.9 ensure, in conjunction with the SETS Committee (in relation to transformation), that there is a Company-wide succession plan which includes formal succession plans for the Board, the Board chair, CEO, executive and senior management personnel, (both in emergency situations and long-term succession) taking into consideration the executive and senior management structure within the organisation and the need for continuity in leadership. The plan should include the identification, mentorship and development of future Board candidates; and
- 4.7.10 identify and nominate chairmen and members of the Board and Board committees for approval by the Board on an annual basis. Nominations for the Audit and Compliance Committee will be made directly to the AGM, although the chair of that committee will be nominated by this Committee and appointed by the Board.

## **5. Meeting procedures**

### **5.1 Agenda and minutes**

- 5.1.1 The Committee must establish an annual diary to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- 5.1.2 The company secretary shall be responsible, together with the chair of the Committee, for determining the agenda and circulating the meeting agenda, minutes, and supporting material to all Committee members and invitees at least one week prior to each scheduled meeting.
- 5.1.3 Committee members must be fully prepared for Committee meetings in order to provide appropriate and constructive input on matters discussed.
- 5.1.4 The minutes of the Committee should be completed by the company secretary as soon as reasonably possible after the meeting and circulated firstly to the Committee chair for input and thereafter to members of the Committee for review.
- 5.1.5 The minutes must be formally approved by the Committee at its next scheduled meeting and signed by the chair of the Committee. These should be distributed to all Board members for information purposes.

### **5.2 Frequency**

- 5.2.1 The Committee must hold sufficient scheduled meetings to discharge all its duties as set out herein but subject to a minimum of two meetings per year.
- 5.2.2 Meetings in addition to those scheduled may, with approval of the Committee chair, be held at the request of executive management, the Group People Director, or at the instance of the Board.

### **5.3 Attendance**

- 5.3.1 Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters.
- 5.3.2 The CEO, CFO or other members of senior management, assurance providers, professional advisors and Board members may be in attendance at Committee meetings by invitation at the

reasonable discretion of the Committee chair but may not vote. The Group People Director is a permanent invitee to Committee meetings.

- 5.3.3 Any director of the Company is entitled to attend Committee meetings as an observer. However such directors are not entitled to participate without the consent of the chair, and do not have a vote.
- 5.3.4 The company secretary will act as the Committee secretary.
- 5.3.5 If the nominated chair of the Committee is absent from a meeting, the members present must elect one of the members present to act as chair for the duration of the meeting.

#### 5.4 Quorum

- 5.4.1 A quorum for meetings is a majority of members present (either in person or by electronic means), provided that if the Committee consists of an even number of members a quorum shall be constituted if fifty percent of such members are present.
- 5.4.2 Persons in attendance at Committee meetings by invitation do not form part of the quorum.
- 5.4.3 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 5.4.4 Each member shall have one vote at any meeting of the Committee and all decisions are taken by simple majority.

### 6. Reporting and disclosure

- 6.1 After each meeting the chair shall report to the Board on its proceedings, activities, issues and related recommendations and on all significant matters within its duties and responsibilities as set out in this mandate.
- 6.2 The Committee shall make whatever recommendations to the Board it may deem appropriate on any area within its remit, where action or improvement is needed.
- 6.3 The Committee shall consider annually for the reporting period whether it is satisfied that it has fulfilled its responsibilities in accordance with this mandate and shall disclose whether it is so satisfied.
- 6.4 The Committee shall compile a report to stakeholders on its activities to be included in the Company's annual integrated report, which report shall include the necessary disclosure items.
- 6.5 The report on remuneration must contain three parts, namely (i) a background statement, which briefly provides context for remuneration considerations and decisions, (ii) an overview of the main provisions of the remuneration policy to address the objectives of the policy and the manner in which the policy seeks to accomplish these, and (iii) an implementation report which contains details of all remuneration awarded to individual members of the Board and executive management during the relevant reporting period and which includes the Companies Act remuneration disclosure requirements.
- 6.6 In the event that either the remuneration report or the implementation report, or both, are voted against by 25% or more of shareholders at the AGM, the remuneration policy should set out the measures that the Board commits to take, which should provide for taking steps in good faith and with best reasonable effort towards at least –
  - 6.6.1 an engagement process to ascertain the reasons for the dissenting votes; and
  - 6.6.2 appropriately addressing legitimate and reasonable objections and concerns raised.
- 6.7 In addition, the remuneration report should disclose in the background statement –
  - 6.7.1 with whom the Group has engaged and the manner and form of engagement; and
  - 6.7.2 the nature of the steps taken to address legitimate and reasonable objections and concerns raised.

### 7. Voting on remuneration

- 7.1 Fees for non-executive directors for their services as such must be approved by a special resolution of shareholders within the two years preceding payment.
- 7.2 The remuneration policy and the implementation report are to be tabled every year for non-binding advisory votes by shareholders at the AGM.

### 8. Evaluation and review

- 8.1 At least annually the Committee will consider, reflect and discuss its performance and that of its chair and its members as a whole. This will be done having regard to the progress against the Steps documents referred to below and taking into consideration the results of the non-binding advisory votes on the adoption of the remuneration policy and the remuneration implementation framework, and include an overview of the appraisal process in the integrated report.
- 8.2 Every two years (or as deemed necessary by Board, together with the Committee) a formal evaluation process will be conducted. This process shall be led by the lead independent director together with the

company secretary and may take the form of a questionnaire, interviews, feedback from relevant stakeholders or any other form as may be determined by the Board in conjunction with the Committee.

- 8.3 The results of the evaluation process will be formulated by the lead independent director and company secretary into a Steps document which sets out the feedback received, the proposed areas requiring improvement and the steps required to effect the improvements. The Committee Steps documents will be discussed with the chair who will provide feedback and input on the Steps documents which will then be considered and discussed by the Committee and the Board.
- 8.4 The Board and the Committee shall, every two years or other period as appropriate, give due consideration to following an evaluation process which is either externally facilitated or different to the normal methodology.
- 8.5 This mandate and the Committee diary will be reviewed annually by the Committee and the Board.

Approved 27 March 2018.



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**M Ruck**

Remuneration and Nominations Committee Chairman  
Mr Price Group



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**NG Payne**

Chairman  
Mr Price Group