



Boxer Retail Limited

Terms of Reference:
The Remuneration Committee

("RemCom" or "the Committee")

1. CONSTITUTION

- 1.1. The Remuneration Committee (“**RemCom**” or “**the Committee**”) is constituted as a standing committee of the board of directors (“**the Board**”) of Boxer Retail Limited (“**the Company**”) in accordance with the requirements of the Companies Act No. 71 of 2008, as amended (“**the Act**”), the JSE Limited Listings Requirements (“**JSE Listings Requirements**”) and considering the recommendations of the King IV Report on Corporate Governance for South Africa, 2016 (“**King IV™**”).
- 1.2. The Company and all of its subsidiaries shall hereinafter be referred to as “**the Boxer Group**”.
- 1.3. The RemCom reports to the Board and to the shareholders of the Company (“**Shareholders**”) in respect of all duties assigned to it by the Board.
- 1.4. The roles and responsibilities of the members of the Committee as set out in these Terms of Reference (“**TOR**”) must be read and carried out in conjunction with those set out in the Company’s Board Charter.
- 1.5. The duties and responsibilities of RemCom members as set out in these TOR are in addition to the duties and responsibilities that they have as members of the Board. The deliberations of the RemCom do not reduce the individual or collective responsibilities of the Board members with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgment in accordance with their legal obligations as members of the Board.
- 1.6. These TOR are subject to the provisions of the Act, the Company’s Memorandum of Incorporation, the JSE Listings Requirements and all other applicable laws or regulations (which take precedence over these TOR in the event of a conflict).

2. PURPOSE

The purpose of these TOR is to set out the role and responsibilities of the Committee and the formal requirements for its composition and meeting procedures.

3. COMPOSITION AND TERM

- 3.1. The Committee shall comprise at least three (3) members. All members of the Committee must be non-executive directors of the Board, the majority of whom shall be independent non-executive directors of the Board.
- 3.2. Members of the Committee must collectively have the necessary skills and experience in remuneration matters, the Company’s business, the sector and any other areas required to execute their duties effectively. The Committee members must keep up to date with developments affecting the required skill set. This is critical in order for the Committee to be able to review and approve the performance targets proposed by management, to ensure that targets align with shareholder value creation over the long-term, and to hold the Company executives accountable for outcomes against these targets.
- 3.3. The Committee members are nominated by the Nomination and Corporate Governance Committee (“**NomGov**”) and, subject to paragraph 3.4 below, appointed by the Board. A member of the Committee will hold office for such reasonable period as the Board may, in its discretion, determine from time to time. The Board has the power to remove any members of the Committee and to fill any vacancies created by such removal within 40 (forty) business days of a vacancy arising.
- 3.4. To the extent required by the Act, in the event that the Remuneration Report (as defined in paragraph 5.1.3.2 below) is not approved by ordinary resolution of the Shareholders at an annual general meeting of the Company (“**AGM**”), then:
 - 3.4.1. at the next AGM (the “**Second AGM**”):
 - 3.4.1.1 the Committee must present an explanation on the manner in which the shareholders’ concerns have been taken into account and the Committee members must stand for re-election to the Committee by the Shareholders at that Second AGM; and
 - 3.4.1.2 if the Remuneration Report in respect of the previous financial year is also not approved by ordinary resolution of the Shareholders, then the Committee members must stand down from the Committee and shall not be eligible to serve on the Committee for a period of two years from the date on which they stood down in accordance with this paragraph 3.4., provided that this paragraph 3.4 shall not apply to Committee members who have served for a period of less than 12 months in the year under review, and if at the Second AGM the Remuneration Report is approved by an ordinary resolution of Shareholders, then the provisions of this clause 3.4 shall apply again de novo from the next AGM and provided that if there is any conflict between the provisions of this clause 3.4, and the Companies Act (as amended from time) the provisions of the Companies Act shall apply.
- 3.5. Should a Committee member cease to be a member of the Board, such member’s membership of this Committee shall automatically terminate.
- 3.6. Members of the Committee may resign by giving written notice thereof to the chairperson of the Committee (the “**Committee Chair**”), with a copy to the company secretary of the Company (“**Company Secretary**”). The Company Secretary must notify the Board and the NomGov of any resignations or removals of any members of the Committee as soon as reasonably possible.
- 3.7. Following nominations from the NomGov, the Board shall appoint the Committee Chair, who shall be an independent non-executive director of the Company. The chairperson of the Board shall not be the Committee Chair but may be a member of the Committee.
- 3.8. The Company executives may not be members of the Committee but may attend meetings as invitees in accordance with paragraph 7.4.
- 3.9. NomGov shall review the composition and membership of the RemCom annually and ensure that the members have sufficient knowledge, skills, experience and capacity to fulfil their duties. The outcome of this review is reported to the Board.
- 3.10. The Company Secretary, or their nominee, shall act as the secretary of the Committee, attend all RemCom meetings, ensure that the Committee receives all necessary information and meeting packs in a timely manner to enable full and proper consideration and preparation for the meeting and ensure that all proceedings, discussions and decisions taken at the RemCom meetings are minuted. In the event that the Committee secretary is absent from any meeting, the Committee Chair shall nominate a member of the Committee to keep notes of the discussions and/or decisions for record purposes.

4. ROLE AND MANDATE

- 4.1. The role of the RemCom is to:
 - 4.1.1. assist the Board with developing and administering an effective remuneration strategy; and
 - 4.1.2. ensure that the Boxer Group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.
- 4.2. The detailed responsibilities of the RemCom are set out in paragraph 5 below.
- 4.3. The Committee acts in accordance with the delegated authority mandated by the Board, as recorded in these TOR. The Board supports and endorses the RemCom, which operates independently of management and is free of any organisational impairment.
- 4.4. The RemCom makes recommendations to the Board that it deems appropriate on any area within the ambit of its TOR where action or improvement is required. Furthermore, the Committee Chair should report to the Board after each Committee meeting on matters dealt with and decisions taken by the Committee.

5. RESPONSIBILITIES

The Committee performs all the functions as are necessary to fulfil its role as stated above, including without limitation the following:

5.1. Remuneration Governance

- 5.1.1. The RemCom is responsible for the development, adoption and annual review of the remuneration policy which shall articulate and give effect to the Board's direction on fair, responsible and transparent remuneration that achieves the following objectives to:
 - 5.1.1.1. attract, motivate, reward and retain human capital in line with the Company's transformation objectives;
 - 5.1.1.2. promote the achievement of strategic objectives within the Company's risk appetite;
 - 5.1.1.3. promote positive outcomes, including but not limited to the Company's commitment to pay parity and transformation;
 - 5.1.1.4. promote an ethical culture and responsible corporate citizenship; and
 - 5.1.1.5. promote the achievement of sustainable value creation in a fair and ethical manner as defined by the Board.
- 5.1.2. The RemCom shall ensure that the remuneration policy makes provision for:
 - 5.1.2.1. the fair and responsible remuneration of the Boxer Group's executive management in the context of the Boxer Group's overall remuneration of employees;
 - 5.1.2.2. the use of appropriate strategy-linked performance measures that support value creation and positive outcomes across the economic, social and environmental context in which the Boxer Group operates;
 - 5.1.2.3. the voting by Shareholders on the remuneration policy and implementation report, in accordance with the Act, and the implementation of related responding measures as recommended in King IV™;
 - 5.1.2.4. all elements of remuneration that are offered in the Boxer Group, including those listed in King IV™;
 - 5.1.2.5. oversight of the implementation and execution of the remuneration policy and ensure that it achieves the objectives of the policy;
 - 5.1.2.6. review and monitoring of the use of remuneration market benchmarks;
 - 5.1.2.7. review and approval of the Remuneration Report (as defined in paragraph 5.1.3.2 below), including the overview of the remuneration policy and the implementation report, based on King IV™ guidance and recommendations, for inclusion in the integrated report; and
 - 5.1.2.8. necessary measures to be taken, as recommended in King IV™, in the event of the remuneration policy and/or implementation report not receiving the recommended minimum vote from Shareholders at the AGM.
- 5.1.3. The RemCom shall ensure that:
 - 5.1.3.1. the remuneration policy is presented to Shareholders at the AGM for a non-binding advisory vote in accordance with the JSE Listings Requirements and King IV (which, if voted against by 25% or more of the votes exercised will require the RemCom to engage with dissenting shareholders and report back to shareholders on the steps taken to address the concerns raised) or, once the Companies Act Amendment Act 16 of 2024 (the "Amendment Act") comes into force, for approval by ordinary resolution and:
 - 5.1.3.1.1. if approved, shall remain in force for a period of three years from the approval, subject to any material amendments prior to the expiry of the three-year period which shall require a new approval by ordinary resolution of the Shareholders; and
 - 5.1.3.1.2. if not approved, shall be presented at the next AGM or at a Shareholders meeting called for such purpose;
 - 5.1.3.2. each year relevant remuneration in respect of the previous financial year is disclosed by means of a remuneration report (the "**Remuneration Report**"), which report shall:
 - 5.1.3.2.1. so long as required by the Act, consist of the following parts:
 - (i) a background statement;
 - (ii) the Company's remuneration policy; and
 - (iii) an implementation report containing the remuneration disclosures required by the Act and all other applicable legislation;

5.1.3.2.2. be prepared under the review and oversight of the Committee to ensure that it complies with all applicable law and the principles and recommendations set out in King IV™; and

5.1.3.2.3. be presented to Shareholders at the relevant AGM for a non-binding advisory vote in accordance with the JSE Listings Requirements and King IV (which, if voted against by 25% or more of the votes exercised, will require the RemCom to engage with dissenting shareholders and report back to shareholders on the steps taken to address the concerns raised), or once the Amendment Act comes into force, for approval by ordinary resolution. In the event that a Remuneration Report is not approved by ordinary resolution where required in accordance with this paragraph 5.1.3.2.3, at the next AGM, the Committee must present an explanation on the manner in which the Shareholders' concerns have been taken into account.

5.1.4. The RemCom (in association with the Social, Ethics and Transformation Committee) shall monitor the Boxer Group's progress in relation to the promotion of race and gender equality and the elimination of any race or gender income differentials across the Boxer Group.

5.2. Executive and Senior Management remuneration, performance, and succession

The RemCom is responsible for the annual review, approval and/or recommendation of remuneration packages in accordance with the remuneration policy and the recommendations contained in King IV™ as follows:

- 5.2.1. recommending the fixed and variable remuneration packages of the executive directors of the Company and the Company Secretary to the non-executive directors of the Board for formal approval;
- 5.2.2. reviewing and approving the aggregate remuneration packages and salary increases of the members of the executive team (excluding executive directors) and senior management;
- 5.2.3. reviewing and approving the performance measures proposed by management for executive directors and executives;
- 5.2.4. reviewing and confirming the performance achievements of the approved performance measures referred to in paragraph 5.2.3 above;
- 5.2.5. determining the overall size of the annual short-term bonus;
- 5.2.6. approving the award of the annual short-term bonus to all qualifying personnel and reviewing the allocation between management levels;
- 5.2.7. recommending the remuneration of non-executive directors to the Board, for final approval by Shareholders at the AGM;
- 5.2.8. ensuring there is an effective succession plan in place for the Boxer Group executives, including but not limited to the Chief Executive Officer of the Company ("**Chief Executive Officer**") and Chief Financial Officer of the Company ("**Chief Financial Officer**"); and
- 5.2.9. determining and approving the policies in respect of any additional payments, such as sign-on bonuses, retention payments and ex-gratia payments made to the executive directors and executive team.

5.3. Share and Cash Incentive Scheme

The RemCom is responsible for:

- 5.3.1. reviewing and making recommendations to the Board regarding the terms of proposed share and cash incentive schemes, and advising on alternative schemes where appropriate;
- 5.3.2. ensuring the required shareholder approval is obtained for the implementation of new or amended share incentive schemes, in compliance with all applicable law
- 5.3.3. ensuring all share incentive schemes are adequately and appropriately funded (through the use of treasury shares or other Board-approved funding mechanisms)
- 5.3.4. reviewing and confirming the attainment of performance conditions for vesting purposes, in terms of any share or cash incentive schemes; and
- 5.3.5. approving the award and allocation of share and cash incentive awards to all qualifying personnel.

6. AUTHORITY

The RemCom shall:

- 6.1. act in accordance with the delegated authority of the Board as recorded in these TOR;
- 6.2. have the power to investigate, at the cost of the Company, any activity within the scope of these TOR, which includes the right to obtain independent professional advice and/or assurance to assist with the execution of its duties, subject to a Board-approved process;
- 6.3. in the fulfilment of its duties, have the right to call upon the chairpersons of other Board committees, other directors, Company employees, or assurance providers to provide it with information, subject to a Board-approved process;
- 6.4. have reasonable access to the Company's records, facilities, employees and any other resources necessary to discharge its duties and responsibilities subject to following a Board-approved process;
- 6.5. have the right to form sub-committees and delegate authority to (i) such sub-committees, (ii) one or more designated members of the Committee, or (iii) one or more members of the executive management team to perform certain tasks on its behalf; and
- 6.6. have the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to a Board-approved process being followed, as provided for in the Company's Board Charter.

7. MEETINGS PROCEDURE

7.1. Frequency

- 7.1.1. Committee meetings shall be held at least three (3) times a year. Additional Committee meetings may be held at the request of any member of the RemCom, the Board or the Chief Executive Officer as required.
- 7.1.2. Meetings shall be scheduled in accordance with the annual Board calendar, with reference to the annual board calendar of the Controlling Shareholder (Pick n Pay Stores Limited, or any other shareholder of the Company holdings more than 50% of the voting rights attaching to the shares of the Company from time to time).

7.2. Notice

Unless agreed otherwise, notice of each meeting confirming the venue, time and date together with an agenda and supporting documents shall be forwarded to each member of the Committee, and any other person required/invited to attend, no fewer than seven (7) days prior to the date of the meeting.

7.3. Agenda and minutes

- 7.3.1. The Committee shall establish an annual workplan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for that year. This annual workplan shall be implemented and approved by the Committee and shall be reviewed annually together with these TOR.
- 7.3.2. The Committee Chair may meet with the Chief Executive Officer, Chief Financial Officer, members of senior management and/ or the Company Secretary prior to a Committee meeting to discuss important issues and finalise the meeting agenda.
- 7.3.3. Minutes of Committee meetings shall be completed by the Company Secretary and approved by the Committee Chair as soon as practicable after the meeting and circulated to the Committee members timeously.
- 7.3.4. The minutes shall be formally approved by the RemCom at the next meeting.

7.4. Attendance

- 7.4.1. Committee members should attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Committee Chair and Company Secretary.
- 7.4.2. Invitations to Committee meetings may be extended to any members of senior management and professional advisors as deemed appropriate.
- 7.4.3. Any other member of the Board shall be entitled to attend the Committee meetings as an observer.
- 7.4.4. In addition to those invited on a discretionary basis, there shall be standing invitations to all Committee meetings to representatives of the Controlling Shareholder. These invitees will include, but are not limited to, the Chief Financial Officer (CFO), the Chair of the Remuneration Committee, and the Head of Corporate Affairs of the Controlling Shareholder. These standing invitees shall attend all meetings unless specifically excused by the Committee Chair. The Committee Chair retains the discretion to request any standing invitees to leave the meeting when discussing confidential or sensitive matters.
- 7.4.5. Committee members must be fully prepared for meetings in order to provide appropriate and constructive input on matters discussed and to properly report to the Board on its activities and recommendations.
- 7.4.6. The meetings of the Committee may be held in person, or by electronic communication, as circumstances may require, provided that the required quorum is met and that the members can speak and hear one another during the meeting.
- 7.4.7. The Committee Chair will be required to attend certain sessions of the meetings of the Remuneration Committee of the Controlling Shareholder, as these sessions pertain to relevant remuneration matters of the Company.

7.5. Quorum and voting

- 7.5.1. The quorum required for a meeting shall be a majority of Committee members present in person or via electronic communication facilities throughout the meeting. In the absence of the Committee Chair, the members present may nominate and elect one (1) of the members present to act as Committee Chair for the duration of the meeting, provided the member is an independent non-executive director.
- 7.5.2. Invitees in attendance at Committee meetings are encouraged to take part in Committee discussions, but do not form part of the required quorum and do not vote on resolutions.
- 7.5.3. A decision of the Committee at a meeting shall be approved by a majority of votes cast by the members of the Committee who are eligible to vote at a meeting.
- 7.5.4. A resolution in writing adopted by the majority of the Committee members is valid and effective as if it had been passed at a duly called and constituted meeting, provided that each director has received notice of the matter to be decided. Such resolution shall be presented at the next meeting for noting and signature by the Committee Chair.
- 7.5.5. Where a member is recused from the meeting, the meeting shall remain quorate during his/her absence.
- 7.5.6. In the absence of a quorum and subject to the discretion of the Committee Chair, the meeting can either be postponed to a later date or can proceed as an informal meeting with all resolutions required to be taken at the meeting being formally approved by way of a written resolution.
- 7.5.7. No resolutions tabled for approval by the Committee at a meeting which is not quorate shall be implemented or given effect to until formally approved via written resolution or a formal meeting.
- 7.5.8. The written resolution circulated in terms of paragraphs 7.5.6 and 7.5.7 above, requires unanimous approval, in the absence of which a special meeting of the committee shall be convened for the matter to be discussed and formally approved during this special meeting.

7.6. Declaration of interest

- 7.6.1. At the commencement of each meeting, all Committee members should declare whether they have any conflict of interest in respect of any matter on the agenda.
- 7.6.2. Such conflict should be recorded in the minutes and conflict of interest register (where applicable).
- 7.6.3. The Committee should discuss the conflict and decide upon its severity, impact and determine the appropriate management of such conflict.
- 7.6.4. Depending on the outcome of the above, when the relevant agenda item arises, the affected Committee member should be recused from the meeting for the duration of that matter being discussed and shall not have a vote on the matter.

7.7. Confidentiality

All Boxer Group, Company and/or divisional information that is shared with / comes to the attention of the RemCom members and invitees must be kept confidential.

7.8. In-committee meetings

- 7.8.1. In-committee meetings shall be held as and when required, as determined by the Committee Chair. Subject to paragraph 7.8.2, only Committee members shall be present at in-committee meetings.
- 7.8.2. The Company Secretary may be required to attend an in-committee meeting for purposes of minute taking. In the event that the Company Secretary is excused from the meeting, the Committee Chair shall nominate a member of the Committee to keep notes of the discussions and/or decisions for record purposes.
- 7.8.3. Separate in-committee meeting minutes shall be prepared for each in-committee meeting and shall be circulated to Committee members via electronic communication for confirmation. Following receipt of confirmation from each Committee member, the in-committee meeting minutes shall be signed by the Committee Chair.

7.9. Reporting to the Board and the Controlling Shareholder

The Committee Chair shall report on all key matters addressed by the Committee at the Board meeting following the Committee meeting (or sooner, as appropriate). In addition, the Committee Chair will provide a report on all key matters to the chair of the Remuneration Committee of the Controlling Shareholder.

8. ANNUAL REPORTING TO STAKEHOLDERS

- 8.1. The Committee Chair shall prepare a report, for inclusion in the integrated annual report of the Company (“**Integrated Annual Report**”), which describes the Committee’s mandate, composition and responsibilities and how these responsibilities were discharged during the financial year, including key areas of Committee focus and the key decisions taken.
- 8.2. Furthermore, the RemCom will ensure that adequate and relevant information is provided in the Integrated Annual Report in relation to the Company’s remuneration policy and major components of executive remuneration in accordance with the requirements of the Act, including key current and future focus areas of the Committee.
- 8.3. The Committee Chair, or other members of the Committee as determined by the Committee Chair, shall attend each AGM and be prepared to respond to any Shareholder questions on the Committee’s activities, issues of executive remuneration and the Committee composition.
- 8.4. The Committee shall ensure that the Company complies with the remuneration reporting requirements of the Controlling Shareholder.

9. REMUNERATION OF REMCOM MEMBERS

- 9.1. Members of the Committee, excluding the Committee Chair, shall be paid such remuneration in respect of their appointment as recommended by the Board and approved annually by Shareholders.
- 9.2. The Committee Chair shall be paid such remuneration in respect of his/her appointment as recommended by the Board and approved annually by Shareholders.

10. BOARD EVALUATION OF REMCOM PERFORMANCE

- 10.1. The RemCom shall perform a self-evaluation of its effectiveness every year and report the results thereof to NomGov.
- 10.2. In addition, NomGov performs a formal annual evaluation of RemCom performance and effectiveness, with its conclusions and recommendations (as relevant) submitted to the Board for approval.

11. REVIEW OF TERMS OF REFERENCE

The RemCom shall review these TOR annually, to ensure that they remain consistent with its statutory duties and the Board’s objectives and responsibilities. These TOR may be amended as required, subject to the approval of the Board.

12. APPROVAL OF TERMS OF REFERENCE

These TOR are endorsed by the Committee Chair and approved by the Board.

10 October 2024

Date of Board Approval