PEPKOR HOLDINGS LIMITED
REGISTRATION NUMBER 2017/221869/06
("The Company" or "Pepkor")

HUMAN RESOURCES AND REMUNERATION COMMITTEE TERMS OF REFERENCE

1. INTRODUCTION

1.1 The Board of Pepkor has, acting in terms of the King IV™ Report on Corporate Governance for South Africa ("King IV") and the JSE Limited's Equity and Debt Listings Requirements, established a committee known as the Group Human Resources and Remuneration Committee ("HR and Remcom" or "the Committee"). The Committee is constituted as a standing Committee of the Pepkor Board ("the Board").

1.2 The deliberations of the Committee do not reduce the individual or collective responsibilities of the Board members with regard to their fiduciary duties and responsibilities and they must exercise due care, skill and diligence.

1.3 These Terms of Reference are subject to the of the Companies Act No. 71 of 2008, as amended, the company's Memorandum of Incorporation, the JSE Equity and Debt Listings Requirements and any other applicable laws or regulations (which take precedence over the Terms of Reference in the event of a conflict). In addition, the principles recommended in King IV are incorporated as relevant to the Company.

2. MEMBERSHIP AND COMPOSITION OF THE COMMITTEE

2.1 The Committee will consist of a minimum of three non-executive directors, the majority of whom shall be independent non-executive directors. The chairman of the Committee will be an independent non-executive director.

2.2 The Chairman of the Committee and Committee members shall be nominated by the Nominations Committee and appointed by the Board. The composition and membership of the Committee must be reviewed by the Nominations Committee regularly.

2.3 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.

2.4 Invitations to attend meetings of the Committee shall be extended to: the Pepkor Chief Executive Officer ("Pepkor CEO"), the Group Chief Financial Officer ("Pepkor CFO"), Pepkor HR Executive and any other senior executives and professional advisors as deemed appropriate. Individuals in attendance at

Committee meetings by invitation may participate in discussions but do not vote on resolutions, or form part of the quorum for Committee meetings.

2.5 Decisions on remuneration can only be made by those who do not benefit personally from any such recommendations. No executive or manager may be present when his or her own remuneration and benefits are discussed.

3. MEETINGS

3.1 The committees shall meet quarterly, unless otherwise agreed by the Committee Chairman. Additional meetings may be held at the request of the Committee Chairman or any member of the Committee or Board as required.

3.2 A quorum of the Committee shall be a fifty percent of members.

3.3 In the absence of the Committee Chairman, the members present may nominate and elect one of their members to chair the meeting.

3.4 The Committee Chairman shall report on key matters addressed by the Committee at the Board meeting following the last meeting of the Committee.

3.5 The Group Company Secretary shall be the secretary to the Committee. Committee papers shall, other than under exceptional circumstances, be forwarded to each member of the Committee no fewer than five days prior to the date of the meeting to enable members to study the documentation and allow adequate opportunity for formal and informal discussion before and during meetings.

3.6 The Committee Chairman shall attend the Annual General Meeting of the Company and respond to shareholder questions on the Committee's activities.

4. PURPOSE

The committee's purpose is to collectively –

4.1 ensure the employee value proposition promotes fair, responsible, transparent remuneration and reasonable employment practices within the Group, whilst adopting a stakeholder-inclusive approach;

4.2 review and approve the Remuneration Policy of the company to apply in respect of each financial year at the commencement of that financial year, present remuneration policy and implementation report to shareholders at the Annual General Meeting each year and assure shareholders that the principles of King IV relating to or affecting remuneration and human resource practices have been appropriately applied;

4.3 ensure that Pepkor's group executives and managers are fairly rewarded for their individual and joint contributions to Pepkor's overall performance and that Pepkor remunerates fairly, responsibly and transparently so as to achieve its strategic objectives and secure positive outcomes in the short, medium and long term;

4.4 demonstrate to all the stakeholders of Pepkor that the remuneration of the group executives and managers is set by a committee consisting of a majority of independent non-executive directors who have no personal interest in the outcome of their decisions and who will have regard to the interests of the stakeholders and to the financial health of the group;

4.5 ensure that the Group's talent management strategies and practices are appropriate to drive the Group's long-term success; and

4.6 ensure that the remuneration of executives and managers is determined based on the remuneration philosophies applicable with due cognisance of operating business-specific past practices and successes.

5. RESPONSIBILITIES

The Committee shall operate within the Board's delegation of authority. The committee's mandate will include, but not be limited to the following:

5.1 determining and submitting proposals to the Board regarding the specific remuneration packages of the individuals serving on the executive committee of the company;

5.2 ensuring that the group's philosophy of attracting and retaining leadership and special skills with market related remuneration and incentive schemes which drive short and medium term behaviour in line with shareholder expectations is observed in recognizing the level of expertise of and contribution by every employee to the success of the group;

5.3 ensuring that remuneration is compatible with the employee's responsibilities;

5.4 undertaking comparisons of the rates paid by other similar companies with due regard to the specific historic application of remuneration and incentivisation practices in order to sustain best practice;

5.5 determining necessary criteria to be implemented in order to measure the performance of the applicable executives and managers in discharging their functions and responsibilities;

5.6 supporting all initiatives aimed at enhancing the group's performance and rewarding employees for their individual contributions and performances;

5.7 ensuring that appropriate succession planning takes place for all senior positions in Pepkor and ensuring the evaluation of the effectiveness of Talent Management, Succession Planning and Incentive Schemes (short and medium term);

5.8 adhering to principles of good corporate governance and codes of best practice;

5.9 maintaining an environment where employment and progression are based on merit with due cognisance of Employment Equity requirements;

5.10 allowing, encouraging and promoting a good working environment which encourages individual and collective performances;

5.11 oversee the preparation of and approve the Remuneration Policy and Implementation Report to be included in the Annual Integrated Report and any related statutory or governance disclosure;

5.12 consider the results of the non-binding advisory shareholder votes on the Remuneration Policy and Implementation Report and ensure that engagement with dissenting shareholders takes place where possible to address any concerns; and

5.13 review the effectiveness of the Group Exco succession planning process, including subsidiary CEO's and other key positions to provide continuity of leadership.

6. AUTHORITY

The Committee shall have:

6.1 the right to seek independent advice at the reasonable cost of the company,

6.2 the right to access any information it needs to fulfil its responsibilities,

6.3 investigate any matters within its mandate; and

6.4 the ability to consult with and receive the full cooperation of any employee where necessary to fulfil its responsibilities.

7. TERMS OF REFERENCE

7.1 In order to be able to perform its overall function, the HR and Remcom shall -

- 7.1.1 be entitled to lay down general guidelines to be applied in all annual and any interim salary reviews and shall review these guidelines annually specifically in order to -
  - 7.1.1.1 motivate any amendments thereto or any remuneration packages to be offered to executive employees,
  - 7.1.1.2 ensure the implementation of the rules, and any amendments thereto, of any annual incentive schemes of any nature to be offered within the group and specifically motivate the extent of the participation in such schemes of the executives and managers within the group,
  - 7.1.1.3 in general, oversee all benefits and conditions of employment applicable to the group,

7.1.1.4 approve the initial terms and conditions of employment of all executives reporting to the CEO and approve the terms and conditions of the severance of employment of such individuals,

7.1.1.5 motivate the general material terms and conditions of employment to be applied to all employees of the group, depending on the industry within which they work, and

7.1.1.6 consider and disclose measures put in place to attain fair remuneration in the context of overall employee remuneration.

7.2 The principles to be taken into account for consideration of remuneration include that -

7.2.1 the total guaranteed cost to company package, the non-guaranteed bonuses (annual and longer term) or share rights allocations for management/executive staff should be competitive and /or compatible with local and similar industry companies, as required by the individual position, skills and expertise under consideration, as well as performance;

7.2.2 executives, managers and specialists whose skills and or employment equity status have a scarcity value, which makes them easily transferable, may be remunerated to ensure their retention; and

7.2.3 in setting policy and taking decisions, the HR and Remcom will be mindful of best practice.

7.3 The remuneration policy proposals for the next financial year will be reviewed as follows -

7.3.1 the remuneration and incentive schemes of the Pepkor CEO and the group executives reporting directly to the Pepkor CEO will be considered and approved at the HR and Remcom meetings;

7.3.2 the remuneration and incentive schemes of the operating business executives will be determined by the divisional remuneration committee within the principles laid down by the HR and Remcom;

7.3.3 the Chairperson of the HR and Remcom and the Pepkor CEO will jointly submit recommendations to the Pepkor board, regarding the fees for non-executive directors serving on the Pepkor Holdings Limited board and on committees of the board. The proposed fees shall be submitted to Pepkor shareholders for prior approval. The HR and Remcom may approve fees payable to non-executive directors serving on the boards of subsidiaries or joint ventures within the group.

7.4 Employment Equity

The committee will ensure the effective implementation of the group's employment equity strategy and the performance against any set targets.

7.5 Succession Planning

The HR and Remcom will ensure that appropriate plans are in place for the succession of the Pepkor CEO and the Pepkor CFO, for presentation, if required, to the Nomination Committee.

7.6 Development

The committee will review the development initiatives for applicable executives within their domain and the development plans for the successors of the Pepkor CEO and Pepkor CFO.

8. SOURCES OF INFORMATION

The committee will be provided by management with all the information needed to make recommendations, including information to effect external comparisons between the rewards currently earned by Pepkor's own executives/managers and those paid to executives/managers of other organisations of a similar size in a comparable industry or functional sector, both within the applicable industry and elsewhere in the appropriate economic context.

9. EVALUATIONS

The Committee shall ensure that a formal process, as recommended by the Nominations Committee and approved by the Board, is followed for evaluating the performance of the Committee at least every second year.

10. REVIEW OF TERMS OF REFERENCE

The Committee shall review the Terms of Reference at least every second year, to ensure that they remain consistent with the Board's objectives and responsibilities. The Terms of Reference may be amended as required, subject to the approval of the Board.

These terms of reference were approved by the board on 18 November 2021.