

## **SA CORPORATE REAL ESTATE LIMITED**

### **REMUNERATION COMMITTEE**

#### **TERMS OF REFERENCE**

##### **1. PURPOSE AND OBJECTIVE**

- 1.1 The Remuneration Committee (the Committee) has been appointed by the SA Corporate Real Estate Limited Board of Directors (the Board) as a committee of the Board to provide integrated strategic direction on group-wide remuneration matters, and to make appropriate recommendations to the Board that articulates the Company's direction on fair, responsible and transparent remuneration practices.
- 1.2 The purpose of these Terms of Reference is to set out the Committee's mandate as well as the requirements for its composition and meeting procedures.
- 1.3 The Committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.

##### **2. CONSTITUTION AND MEMBERSHIP**

- 2.1 The Committee shall comprise at least three independent non-executive directors members. The members of the Committee, as a whole must, have sufficient qualifications and experience to fulfil their duties and are required to keep up-to-date with developments affecting their required skill set.
- 2.2 The Board shall appoint an independent non-executive director as the Chairman of the Committee. The Chairman of the Board may not be the Chairman of the Committee, but may be a member.
- 2.3 The Chief Executive Officer and Chief Financial Officer shall be permanent attendees at Committee meetings, but may not vote on any matter placed before the Committee.
- 2.4 The Group Company Secretary shall be the Committee's secretary.

##### **3. MANDATE**

- 3.1 The Committee must perform all the functions as is necessary to fulfil its objective as stated afore by:
  - 3.1.1 overseeing the development and regular review of a Group-wide remuneration policy that articulates and gives effect to the Board's direction on fair, responsible and transparent remuneration and that achieves the following objectives:
    - to attract, motivate, reward and retain human capital;
    - to promote the achievement of strategic objectives within the Group's risk appetite;

- to promote the achievement of sustainable value creation in a fair and ethical manner as defined by the Board;
  - to promote positive outcomes; and
  - to promote an ethical culture and responsible corporate citizenship.
- 3.1.2 reviewing the appropriateness and relevance of the remuneration policy and overseeing that the implementation and execution of the remuneration policy achieves the objectives thereof;
  - 3.1.3 overseeing the review and recommendation to the Board of the remuneration report, to be included in the integrated annual report;
  - 3.1.4 ensuring that the remuneration policy and implementation report are put to a non-binding advisory vote at the general meeting of shareholders every year. In the event that either the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised at the general meeting of shareholders, the Committee will apply its mind on measures and the appropriate approach to be taken by the company to facilitate an engagement process to ascertain the reasons for the dissenting votes; and to appropriately address legitimate and reasonable objections and concerns raised, which may include enhancing the remuneration policy or adjusting/clarifying remuneration governance processes;
  - 3.1.5 monitoring the overall cost of remuneration structures within the Company, including approving the cost of annual general salary increases, benefits, short-term incentive payments made and the value of long-term incentive awards granted;
  - 3.1.6 ensuring that the mix of fixed and variable pay, in cash, shares and other elements, meets the Company's and Group's needs and strategic objectives;
  - 3.1.7 ensuring that succession planning is in place for executive directors and senior management;
  - 3.1.8 reviewing remuneration practices and employment conditions across the Group when reviewing and approving the remuneration policy for employees, especially when determining annual salary increases, incentive and retention initiatives;
  - 3.1.9 determining the total individual remuneration package of each executive director and other designated senior executives including bonuses, share incentive schemes and other share options within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer, as appropriate, determine the total individual remuneration package of each executive director;
  - 3.1.10 performing a benchmark exercise for non-executive directors at least every second year and for all employees (including executive directors) every three years, which is based on reliable, up-to-date information about the remuneration practices of peers, and annually considering the remuneration structure for non-executive directors, recommending same for approval by the Board and shareholders at the next annual general meeting;
  - 3.1.11 procuring reports, surveys or information which the Committee deems necessary at the expense of the Company but within its budget;

- 3.1.12 establishing the selection criteria, appointment and setting the terms of reference for any remuneration consultants to provide advice to the Committee;
  - 3.1.13 considering the evaluation of the performance of the executive directors, both as directors and executives in determining remuneration;
  - 3.1.14 satisfying itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
  - 3.1.15 considering the need to adopt a specific remuneration policy to retain key employees where appropriate;
  - 3.1.16 selecting an appropriate comparative group when comparing remuneration levels; and
  - 3.1.17 reviewing incentive and retention schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules.
- 3.2 The Committee should support the Audit and Risk Committee (ARC) and the Board in ensuring effective risk management oversight, specifically in relation to material risks within its scope (risk allocated to the Committee). The Committee shall give effect to this responsibility through:
- 3.2.1 ensuring the effective monitoring of the risk allocated to the Committee;
  - 3.2.2 considering and reviewing management's feedback and/or assurance provider reports on the design and operating effectiveness of existing key risk responses (focus on major or significant deficiencies), aligned to the Combined Assurance Framework;
  - 3.2.3 considering management updates on action plans identified to remediate any key responses with significant or major deficiencies;
  - 3.2.4 considering management's feedback on key developments that have a potential material impact on the allocated risks (materiality informed by the risk materiality lens to be applied at Group level), as well as the appropriateness of existing key responses or any new/additional key responses required; and
  - 3.2.5 providing feedback through the Committee Chairperson to the ARC and the Board on any material risk related matters, specifically the key responses with major or significant deficiencies, key developments with a material impact, any new/additional key responses required or any potential breach of approved risk appetite and tolerance levels (as relevant and appropriate).
- 3.3 The Committee shall perform such additional functions as assigned to it by the Board and in accordance with its delegated authority in terms of the Board-approved Approvals Framework, as determined from time to time.
- 3.4 The Committee must establish an annual work plan for each year to ensure that all relevant matters as per its mandate are covered by the agendas of the meetings planned for the year.

## **4 REPORTING**

- 4.1 The Chairperson of the Committee shall report to the Board on the activities of the Committee after each meeting, drawing matters within its mandate to the attention of the Board as occasion requires.
- 4.2 The Committee shall make recommendations to the Board as it deems appropriate, on any area within its mandate.
- 4.3 The Committee shall ensure that the Group annually reports on the activities of the Committee, and specifically whether the Committee is satisfied that it executed its mandate in a manner that is consistent with these Terms of Reference.
- 4.4 The Committee Chairman shall attend the Company's annual general meeting to respond to any shareholder questions on the Committee's activities.

## **5 MEETINGS AND PROCEEDINGS**

- 5.1 Meetings of the Committee will be held as the Committee deems necessary, provided that the Committee shall endeavour to meet at least twice per annum. Meetings should be organised in order to maximise attendance. The Chairman of the Committee or any member of the Committee, with the consent of the Committee Chairman, may call a special meeting at any other time.
- 5.2 Notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee not less than seven calendar days prior to the date of the meeting.
- 5.3 The meetings of the Committee may be held in person or by means of electronic conferencing as the circumstances may require, provided that the required quorum is met.
- 5.4 The quorum for decisions of the Committee shall be a majority of non-executive directors present for that particular decision. A decision shall be deemed as passed if a majority vote on the matter for decision is passed by the members present at the Committee.
- 5.5 A decision that could be voted on at a meeting of the Committee may instead be adopted by written consent of a quorum of members, given in person, or by electronic means, provided that each member received notice of the matter to be decided. A decision made in such manner has the same effect as if it had been approved at a meeting.
- 5.6 Where decisions are required by way of written resolution, a quorum shall constitute a majority of non-executive directors, one of whom shall be the Committee's Chairman.
- 5.7 Executive directors, senior management, assurance providers, advisors and consultants of the Group, as well as other Board members, may attend meetings of the Committee by invitation as the occasion requires, but may not vote on any matter placed before the Committee.
- 5.8 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the Company's memorandum of incorporation (MoI) regulating the meetings and proceedings of directors and committees.

- 5.9 The Committee's secretary shall take minutes of meetings. Minutes of all meetings shall be circulated to all the members of the Committee. Any director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of the Committee's minutes.
- 5.10 The Committee shall be entitled to place reliance on the work and reports of any employee, assurance provider, advisor or committee of the Board that has responsibility for any function falling within the mandate of the Committee.

## **6. REMUNERATION**

Having regard to the functions performed by the members of the Committee in addition to their functions as directors, and pursuant to the specific power conferred upon the Board by the MoI of the Company, members of the Committee may be paid such remuneration as shall be recommended by the Board, and approved by the Company's shareholders, annually.

## **7. LIMITED LIABILITY**

- 7.1 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care, skill and judgment, in accordance with their legal and statutory obligations.
- 7.2 Subject to the above provisions and any relevant legislation and codes of best practice, the members of the Committee shall not attract any personal liability arising from their appointment and the Company shall indemnify members of the Committee to the extent possible in terms of its approved directors' and officers' liability insurance coverage.

## **8. GENERAL**

- 8.1 The Committee, in carrying out its tasks under these Terms of Reference, may obtain such outside or other independent professional advice as it reasonably considers necessary to carry out its duties.
- 8.2 The Board will ensure that the Committee has reasonable access to professional advice, both internal and external to the Company, in order to perform its duties.
- 8.3 The Committee may require from any director, prescribed officer or employee of the Company or the Group any information or explanation necessary for the performance of the Committee's functions.
- 8.4 These Terms of Reference may be amended as required, subject to the approval of the Board, and will be reviewed on an annual basis for relevance and accuracy.
- 8.5 The Committee shall assess its and its members' effectiveness at least once every two years.

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