

**Terms of Reference: Remuneration Committee and Nomination Committee**

1. **Purpose Of The Terms of Reference**

The purpose of these terms of reference is to set out the Committees’ objectives and responsibilities, the requirements for its composition, meeting procedures and reporting requirements.

1. **Introduction**
	1. The Remuneration Committee and Nomination Committee are constituted as Board committees of Distell Group Holdings Limited (“Distell”). The duties and responsibilities of the members of both committees are mandated by these terms of reference which is approved by the Board and reviewed annually.
	2. The deliberations of these committees do not reduce or replace the individual and collective responsibilities of Board members with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and skill in accordance with their statutory and common law obligations.
	3. All members of the Remuneration Committee (RemCo) should be non-executive directors and the majority should be independent. The committee should be chaired by an independent, non-executive director.
	4. All members of the Nomination Committee (NomCo) should be non-executive directors and the majority should be independent.
	5. These terms of reference are subject to the provisions of the Companies Act, No. 71 of 2008 (as amended), the Company’s Memorandum of Incorporation, the JSE Listing Requirements, the King IV Report on Corporate Governance™ for South Africa 2016 (King IV™) and any other applicable law or regulatory provision.
	6. The RemCo assists the Board in fulfilling its oversight responsibility to shareholders by ensuring that Distell and its related bodies corporate adopt remuneration policies and practices that create value for the company over the long term by striving for the following objectives:

2.6.1 to attract, motivate, reward and retain human capital;

2.6.2 to promote the achievement of strategic objectives within the Group’s risk appetite; and

2.6.3 to promote an ethical culture and responsible corporate citizenship.

1. **Objectives and responsibilities Of The RemCo**
	1. To consider and recommend to the Board a Remuneration Policy (Group Remuneration Policy) that gives effect to its direction on fair, responsible and transparent remuneration and to assess the Group Remuneration Policy’s effectiveness, for final approval by the shareholders. In particular, the RemCo must be satisfied that:
		* 1. all applicable provisions regarding remuneration and its disclosure as set out in relevant laws and regulations are appropriately reflected in the Group Remuneration Policy;
			2. the Group Remuneration Policy encourages behaviour that supports Distell’s long term strategy, financial soundness, growth and success within an appropriate risk management framework;
			3. the Group Remuneration Policy demonstrates a clear relationship between individual performance and remuneration; and
			4. the Group Remuneration Policy specifies an appropriate mix of remuneration, reflecting the short- and long-term performance objectives appropriate to Distell’s circumstances and goals.
	2. Ensure an appropriate comparator group is selected when comparing remuneration levels;
	3. Ensure that fixed and variable pay are compared against relevant market comparators on a regular basis to establish compliance with the Remuneration Policy and strategy;
	4. To review and approve short term and long term incentive plans for Distell, governed by performance measures that support positive outcomes across economic, social and environmental context;
	5. Award of shares in terms of the relevant Conditional Share Plan Scheme Rules, including the hurdle rate (if applicable) and targets of the annual incentive program or scheme, as well as the salient features and criteria thereof;
	6. Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
	7. Apply the provisions relating to Malus & Clawback when applicable;
	8. Monitor compliance to the Minimum Shareholding Requirements policy;
	9. Consider and recommend material changes to recruitment, contracts of employment, retention and termination policies and procedures;
	10. To review and approve the individual remuneration levels of the Managing Director (MD), Group Executives and other Executives who report directly to the MD, with regards to
2. fixed remuneration levels;
3. short and long term remuneration design, rules, targets, outcomes and awards; and
4. any other forms of remuneration.
	1. To review and recommend to the Board the individual remuneration levels of the Non-Executive Directors for final approval by the shareholders;
	2. Approve executive directors’ serving as non-executive directors on another board(s). Recommend to the board the approval of the CEO serving as a non-executive director on another board;
	3. To oversee general remuneration practices across the Distell Group;
	4. To mandate salary increases for all staff;
5. **Objectives and responsibilities Of The NomCo**
	1. The duties of the committee is to:
6. Review and recommend to the Board the size and composition of the Board and the criteria for Board membership;
7. Assist the Board in identifying the necessary and desirable competences of Board members and maintaining an appropriate mix of skills, experience, expertise and diversity on the Board;
8. Assist the Board in identifying appropriate individuals as potential candidates for Board membership and re-election;
9. To craft succession plans for Board members, Executive and Non-Executive Directors;
10. Develop a process for the evaluation of the performance and independence of the Board, its committees and individual Directors (including Executive, Non-Executive and independent Non-Executive Directors and the Company Secretary) and implement a process to identify, assess and enhance the skill set of Directors;
	1. To deal with matters incidental to its duties.
11. **Composition**
	1. The members of the RemCo and the Nomco as well as the Chairperson of the RemCo will be as appointed from time to time by the Board.
	2. The Chairperson of the Board may be a member of the RemCo but not the Chairperson of the committee.
	3. The Chairperson of the Board must be the Chairperson of the Nomination Committee, unless the Chairperson is non-independent upon which the Lead Independent Director will be elected as the Chairperson.
	4. . All meetings must be attended by more than 50% of the members (if such a committee consists of three members, then at least two should be present).
	5. The CEO of Distell shall be invited to attend meetings but will not be a member and have no voting rights. The CEO must not be present during discussions regarding his/her own remuneration.
	6. The Chairperson may invite other Executives to attend all or part of the committee meetings, but should not participate if they have an interest in the matter under consideration.
	7. The members of the Committees may invite subject matter experts that have sufficient qualifications, experience and competence in Human Resources and Reward to attend meetings in order to provide the rational for recommendations and decisions.
12. **Meetings**
	1. The RemCo and NomCo will meet at least twice each year, or more frequently as circumstances dictate. Unless varied by these terms of reference, meetings and proceedings of the Committee meetings will be governed by the company’s Memorandum of Incorporation regarding the meetings and proceedings of directors and committees.
	2. The RemCo and NomCo must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual work plan must ensure proper coverage of the matters laid out in these terms of reference. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual work plan.
	3. The secretary of the Committees will be the Group Company Secretary. The agenda and supporting documentation will be circulated to the members and other invitees within a reasonable period in advance of each meeting.
	4. The minutes must be recorded, circulated to the Chairpersons, and approved at the next Committee meeting.
	5. Should the Chairperson of either of the committees be absent from any meeting of the RemCo and NomCo, the members of the RemCo and NomCo present at that meeting will appoint an alternative chairperson for that specific meeting.
	6. The Committees may adopt such rules and regulations as it deems appropriate for the conduct of its affairs, provided only that they are not inconsistent with the JSE Listings Requirements, Distell’s Memorandum of Incorporation, any resolution of the Board or any other applicable law or regulatory provision.
13. **Reporting**
	1. The Chairpersons of the Committees shall regularly update the Board about activities and critical issues, including compliance with these terms of reference, and make appropriate recommendations through:
14. Feedback by the Chairperson of the RemCo and NomCo on each meeting of the RemCo and NomCo; and
15. The Chairperson of the RemCo and NomCo drawing the Board’s attention to any matter of significance.
	1. The RemCo and NomCo will oversee the preparation of any reports required by law or the JSE Listings Requirements or requested by the Board including relevant remuneration sections of the integrated annual report and other shareholder documents.
16. **Authority and Delegation To Act**
	1. The RemCo and NomCo, in the fulfilment of its duties, may call upon the chair of the other Board committees, any of the Executive Directors, officers or company secretary to provide it with information relating to the company.
	2. The RemCo and NomCo have full access to the Company’s records, facilities and any other resources necessary to discharge its duties and responsibilities.
	3. The RemCo and NomCo may, in its discretion, delegate some or all of its duties and responsibilities to the Chairperson of both Committees, the Chairperson of the Board or any individual RemCo member and may delegate any of its duties and responsibilities to a sub-committee of the RemCo and/or NomCo.
	4. To the extent that the Committees deems necessary, it has the authority to retain independent legal, accounting, risk or other advisors and engage or terminate such advisors on its own terms.
	5. The RemCo and NomCo may obtain independent advice to assist it in the performance of its responsibilities and duties. Any engagement of a remuneration consultant to provide a remuneration recommendation must be approved by the RemCo.
17. **Amendments To The Terms Of Reference**
	1. These terms of reference should be reviewed at least annually and changes required should be recommended to the Board for approval in order for them to be binding.
	2. These terms of reference were approved by the Committee on 24 June 2021 and will be reviewed during 2022.