

REMUNERATION REPORT

Introduction

The Board established the Committee to act in the capacity of a Remuneration Committee for the Company. The role of the Committee, having regard to applicable legislation and sound Corporate Governance, is to provide guidance and support to the Board of Directors in fulfilling its responsibilities to shareholders, employees and other stakeholders by ensuring that the employees of the Company are appropriately and equitably compensated for their services to the Company and motivated to perform to the best of their abilities in the interest of all stakeholders.

Remuneration Committee Charter

The Remuneration Committee (“Remco”) comprises three independent non-executive directors and the Chief Executive Officer (“CEO”) attends meetings by invitation only and does not participate in discussions regarding his own remuneration.

Remuneration matters include annual total guaranteed package, annual short-term incentive compensation, long-term incentive compensation, employment, severance pay and on-going perquisites or special benefit items and equity compensation of the Company’s executives, as well as retention strategies, design and application of material compensation programmes and share ownership guidelines. Remuneration is reviewed at appropriate intervals to motivate employees to perform to required standards and to retain their services by offering and maintaining market-related remuneration in line with their performance. Remuneration is linked to corporate and individual performance.

In discharging its duties, Remco makes use of external consultants, where necessary, to determine market-related remuneration levels. Remco completed a detailed analysis of the reward principles for the organisation and the

remuneration packages are recommended to the Board for individual approval.

Remco adheres to the following guiding principles in executing its mandate:

- i. Foster alignment with the business strategy;
- ii. Manage risk and liability;
- iii. Optimise the investment in people;
- iv. Be fair and equitable and supportive of diverse needs;
- v. Comply with relevant Legislation;
- vi. Consider all stakeholders and particularly shareholders.

Remuneration philosophy and policy

The remuneration philosophy is set with the intentions of ensuring the achievement of the Company’s objectives and the sustainable long-term performance of the Company is a key focus.

The Company’s Remuneration policy (“policy”) is thus designed to support the business strategy, objectives, values and long-term interests of the Company and its stakeholders.

The policy is constructed to encourage high performance and reward directors and senior management at market related benchmarks for value created, contribution and performance.

Directors’ remuneration and fees

Policy on directors’ remuneration

The directors are appointed to the Board to bring to the Company the skills and experience appropriate to its needs. Remco aims to align the directors’ remuneration with the shareholders’ interest by ensuring that a significant portion of their package is linked to the achievement of performance targets.

Remco reviews the remuneration packages of directors annually and recommends it to the Board for approval.

Remuneration package components

The total remuneration package for Executive Directors of the Company is split between a “total guaranteed package” and “variable pay”.

Total Guaranteed Package

The total guaranteed package (“TGP”) is the remuneration which is contractually guaranteed to the employee and is generally paid on a monthly basis. The TGP does not include Retirement and Medical benefits at present and employees are required to make their own arrangements in this regard.

The TGP salary levels is positioned between the median and upper 75th percentile of the benchmarking survey results conducted by an independent external consultant. Executive remuneration is aimed at attracting and retaining employees with the requisite skills to ensure that the company meets its business objectives continuously.

Variable pay

Variable pay is that remuneration which is not guaranteed to eligible employees and which payment is dependent on the achievement of specific criteria at an individual employee and business level. Variable pay takes the form of a Short-term Incentive Plan (“STIP”).

Short-term incentive plan

Short-term incentives form a key part of total remuneration and support and reinforce desired behaviour and delivery at all levels. The short-term incentive is performance based, and measured against pre-determined objectives which depending on the level and focus of the role are derived from company metrics, which includes the overall financial performance of the company plus individual performance metrics which are set annually. The STIP focus on the achievement of company metrics as a priority then the individual metrics. Short-term bonus incentives payable to eligible employees, range between 10% and 45% of the total annual TGP.

Bonuses payable are purely discretionary and are determined annually after reviewing the performance of the Company.

Long-term incentive plan

The Company’s long-term incentive plan is the Conditional Share Appreciation Rights Scheme (“SARS”). The objectives of the SARS is to, *inter alia*, drive the longer term strategic and sustainable performance of the Company and to motivate participants to achieve the strategic objectives, thereby aligning Shareholder and Management interests to create a partnership culture.

Long-term incentives are granted annually to employees in executive and senior management roles only and are subject to business performance metrics being met, approval of the Remco and the Board. Long-term incentive awards will be in the form of performance vesting restricted stock over a five-year vesting period with the first tranche of SARS vesting after a two-year period, subject to the vesting criteria being met. The conditional awards of shares will be subject to company performance conditions including Total Shareholder Return and Return on Investment.

The total allocations under the LTIP scheme over the life of scheme will be limited to a cap of 5% of issued share capital. Awards are subject to malus of unvested shares and clawback of vested shares in the case of a material misstatement of results or any wrong-doing discovered after the fact by the executive or senior manager concerned. Participation in the LTIP is at Remco and Company discretion.

Salary increase and salary reviews

As part of the business planning and operational budgeting cycle, annual compensation increases are budgeted for. The budgeted amount takes into consideration the current average consumer price index (CPI) as well as the company’s overall market competitiveness and industry trends. Approval for these increases is in line with the business planning and budget cycle. Annual increases take place in March of each year.

Non-Executive Remuneration

Director

The results of the benchmarking review conducted by an independent external remuneration consulting firm, indicated that the Non-executive directors remuneration is in line with companies of a similar size and complexity.

Non-executive directors earn a basic fee and do not receive short-term incentives or participate in any long-term incentive schemes.

The remuneration of Non-executive Directors is reviewed annually and recommended by the Committee for approval by shareholders at the AGM.

CHAIRMAN OF THE REMCO

H Schaaf

Non-Executive Director