# TISO BLACKSTAR GROUP SE

# (TBG)

# REMUNERATION POLICY

**APPROVED BY THE TBG REMUNERATION COMMITTEE**

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## 1. REMUNERATION PHILOSOPHY

Tiso Blackstar Group ("Company") is a global company with its roots in Africa, operating market-leading media, broadcast and retail marketing properties. The group has strong exposure to the rapidly growing digital, broadcast and mobile markets, with a leading position in South Africa and a broad footprint across Kenya, Ghana and Nigeria.

The Company is South Africa's largest national English publishing group, the second largest digital publisher, owns the largest music and independent film catalogues on the African continent and operates unique TV channels. The Hirt & Carter group is the biggest marketing solutions company for the retail sector in Africa. We are also the proud custodians of iconic brands that include the Sunday Times, Sowetan, Financial Mail, The Herald, Gallo Music and Uniprint.

The Tiso Blackstar Group business model is underpinned by a unique network of assets, dedication to excellence and a strong entrepreneurial focus. We are committed to providing quality content and services to our varied audiences and customers and value to our investors.

This document sets out the guiding principles of the Company's remuneration philosophy framework and implementation that is aligned to the strategic direction of the Company.

The Tiso Blackstar remuneration policy is designed to align the interests of management and employees with those of stakeholders by rewarding value creation.

Our philosophy aims to attract and retain top-quality employees, create a performance environment where success is rewarded and maintain Tiso Blackstar's entrepreneurial culture. Remuneration must be fair, equitable to contractual services performed, individual and Company success, and in line with the individual's contribution to group performance.

To meet these requirements, Tiso Blackstar uses a three-tiered approach:

- Guaranteed pay for contractual services performed by employees
- Short-term incentive determined by the individual achieving key performance indicators (KPIs), driven by individual and business performance
- Long-term incentives to reward employees for long-term gains by shareholders.

Participation in each of the three tiers considers an individual's role, seniority and ability to impact the success of the business.

In line with King IV, this policy will be made available on the Tiso Blackstar website, accessible through the following link: https://www.tisoblackstar.com/tbg/investors/aim-rule-26-company-information/

## 2. REMUNERATION FRAMEWORK

Tiso Blackstar is committed to fair and responsible remuneration of its employees in line with Company and individual performance, market trends and economic conditions.

The remuneration framework recognises the following principles:

- Short-term incentives ("STIs") comprising an annual cash incentive bonus linked to a performance rating of financial and operational objectives;
- Long-term incentives ("LTIs") – the purpose with this component of the remuneration framework is to align the long-term interest of the group's executives and key employees with that of the group's shareholders through incentives. It aims to incentivise, motivate and retain eligible employees; and
- Shareholders – we believe that the combination of these incentives will achieve the objectives set out in the above philosophy, by aligning the interests of employees with the shareholders aspirations.

## 3. IMPLEMENTATION

The remuneration policy combines a guaranteed package with STIs and LTIs to construct a competitive remuneration package that aligns employee performance with Company's performance.

***Elements of remuneration***

Key elements of the total remuneration package are summarised below

### *3.1. Guaranteed package*

This includes base contractual pay and may include benefits like medical aid, pension, car allowance and other optional benefits. These are reviewed annually and benchmarked against similar market positions. In many of our businesses, external consultants and grading systems facilitate this process.

### *3.2. Short-term Incentive*

Our businesses have short-term incentive schemes for employees and executives to drive key short and medium-term Company objectives. The performance of employees who participate in these schemes is reviewed annually. During this review, key performance indicators ("KPIs") are determined that, if met, will help achieve the short and medium-term goals of the business and individual.

- KPIs are set for individuals, and executives are measured on their achievement of these targets; and
- The annual audited performance of the Company and its group companies' as a whole has an effect on each individual's incentives.

Each employees' KPIs vary depending on their role and responsibility but are influenced by the following factors:

- The individual's operational influence and the ability to measure this influence (these may be non-financial); and
- The individual's achievement of their personal strategic objectives.

Short term incentive awards are proposed by the Chief Executive and agreed with the Company's remuneration committee chairman before obtaining approval by the remuneration committee and the Board.

The guideline for the value of incentives in relation to Total Cost to Company ("TCC") is as follows:

Executives 2.0 x TCC
Senior professional level 1.0 x TCC
Senior administrative level 0.5 x TCC
Administrative level 0.25 x TCC

### *3.3. Long-term Incentive*

## SALIENT FEATURES OF TISO BLACKSTAR GROUP SE FORFEITABLE SHARE PLAN

**Introduction**

Tiso Blackstar Group businesses operate in competitive markets and rely on the skills of high calibre people. The Company must be able to retain and incentivise its key employees and align their objectives with those of shareholders. It also requires incentive structures to attract further key people should the need arise.

**Long term incentive**

The Company, as of 1 July 2016, no longer reports its financial results as an entity that: (i) obtains funds from one or more investors for the purpose of providing investment management services; (ii) its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (iii) measures and evaluates the performance of its investments on a fair value basis (an "Investment Entity") and now consolidates the earnings of its underlying subsidiaries. [1]

As a result of this change, the Board believes that share price will be driven over time by the Company's consolidated earnings and cash flows, making the initial Management Share Incentive scheme redundant. As of 1 July 2016, the Board cancelled this scheme and no further awards were made under it.

During the financial year ended 30 June 2017, the Company adopted a new long term incentive scheme in the form of a Forfeitable Share Plan ("FSP") in order to incentivise, motivate and retain the right calibre of employees ("Participants").

The FSP provides Participants with the opportunity to be awarded Forfeitable Shares in the Company. Through the delivery of real Tiso Blackstar shares, Participants will become shareholders in the Company and will have all shareholder rights (including dividends when declared).

These Forfeitable Shares will only Vest to the extent that the Performance Condition and Employment Condition are achieved over the Performance Period and Employment Period (as applicable). Performance Conditions are linked to key drivers of share price including earnings growth, return on invested capital and total shareholder returns.

The salient features of the FSP are detailed below. Where terms are capitalised, these terms bear the defined meaning as per the definitions contained in the FSP rules.

[1] Numbering referenced in the Long Term Incentive Scheme refers to the Forfeitable Share Plan (FSP) agreement.

**Defined Terms**

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|---|---|
| "Award" | (a) an award of a specified number of Performance Shares to an Employee in terms of the FSP; and / or<br>(b) an award of a specified number of Retention Shares to an Employee in terms of the FSP; on the basis that a Participant may forfeit the rights to the Performance Shares and /or the Retention Shares in the circumstances set out in the Award Letter and the Rules of the FSP, and "Awarded" will bear a similar meaning; |
| "Award Date" | the date, specified in the Award Letter, on which an Award is made to an Employee, being a date not earlier than the date on which the Remuneration Committee resolved to make such an Award to the Employee, irrespective of the date on which the Award is actually accepted by the Employee; |
| "Capitalisation Issue" | a capitalisation issue as contemplated in section 47 of the Act; |
| "Change of Control" | where a person (or persons acting together in concert), who did not have Control of the Company through a transaction, or series of transactions, acquires Control of the Company; |
| "Change of Control Date" | the date on which the Change of Control of the Company becomes effective; |
| "Control" | a) the holding of Shares or the aggregate of holdings of Shares or other securities in the Company entitling the holder thereof to exercise, or cause to be exercised, more than 35% (thirty five percent) of the voting rights at shareholders meetings of the Company; or<br>b) the holding or control by a shareholder or member alone or pursuant to an agreement with other shareholders or members of more than 35% (thirty five percent) of the voting rights in the Company; or<br>(c) the entitlement, direct or indirect, to appoint a majority of Directors of the board of Directors of the Company, or to appoint or remove Directors having a majority of the votes exercisable at meetings of the board of Directors of the Company; |
| "Date of Termination of Employment" | the date upon which a Participant is no longer permanently employed by, or ceases to hold permanent salaried office in, any Employer Company, provided that, where a Participant's employment is terminated without notice or on terms in lieu of notice, the Date of Termination of Employment will be deemed to occur on the date on which the termination takes effect, and where such employment is terminated with notice, the Date of Termination of Employment will be deemed to occur upon the date on which that notice expires; |
| "Employee" | any person holding permanent salaried employment or office with any Employer Company, excluding any non-executive director of the Group; |
| "Employer Company" | a company in the Group which employs an Employee; |
| "Employment Condition" | the condition of continued employment with the Group for the duration of the Employment Period, as specified in the Award Letter; |

**Defined Terms**

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|---|---|
| Employment Period” | unless otherwise provided in these Rules, the period commencing on the Award Date and ending on the date as specified in the Award Letter (both dates included), during which the Participant is required to fulfil the Employment Condition; |
| “Escrow Agent” | the person or entity appointed by the Company from time to time to hold Forfeitable Shares on behalf of the Participants, subject to the terms and conditions of these Rules; |
| “Financial Year” | the financial year of the Company running from 1 July of each year, as amended from time to time; |
| “Forfeitable Shares” | Awards comprising Performance Shares and / or Retention Shares as specified in the Award Letter, registered in the name of the Participant subsequent to the Award Date and held for his benefit, the Vesting of which is subject to the fulfilment of the Performance Condition (if applicable) and / or Employment Condition as specified in the Award Letter; |
| “FSP” | the Microsoft Forfeitable Share Plan constituted by these Rules, as amended from time to time; |
| “Group” | (i) the Company; and<br>(ii) and its Subsidiaries from time to time; and<br>(iii) such other entities as identified by the Directors;<br>and the expression “member of the Group” will be construed accordingly; |
| “JSE” | the exchange operated by the JSE Limited (registration number 2005/022939/06); |
| “JSE Listings Requirements“ | the Listings Requirements as amended from time to time by the JSE, whether by way of practice note or otherwise; |
| “Liquidation Date” | the date on which any application for the final liquidation of the Company is successful; |
| “Majority of Operations” | all or the greater part of the assets or undertaking of the Company; |
| “Participant” | an Employee to whom an Award has been made in terms of this FSP and who has Accepted such Award, including the executor or representative of the Employee’s deceased estate; |
| “Performance Condition” | a condition of Vesting of an Award of Performance Shares, as set out in the Award Letter; |
| “Performance Period” | the period in respect of which a Performance Condition is to be satisfied, as stated in the Award Letter; |

**Defined Terms**

| | |
|---|---|
| "Performance Shares" | Forfeitable Shares Awarded, which are subject to forfeiture if the Performance Conditions and Employment Condition as specified in the Award Letter are not satisfied; |
| "Remuneration Committee" | the Remuneration Committee of the board of Directors, the members of which do not hold any executive office within the Group; |
| "Retention Shares" | Forfeitable Shares Awarded, which are subject to forfeiture if the Employment Condition as specified in the Award Letter is not satisfied; |
| "Retirement" | in relation to a Participant, normal retirement age as determined by the Company, or with the approval of the Remuneration Committee, prior to the normal retirement age**;** |
| "Rights Issue" | the offer of any securities of the Company to all ordinary shareholders of the Company *pro rata* to their holdings at the record date; |
| "Rights Issue Share" | a Share which a Participant can acquire in terms of a Rights Issue by virtue of Forfeitable Shares Awarded to him; |
| "Rules" | these Rules of the FSP, as amended from time to time; |
| "Settlement" | delivery to the Participant of the required number of the Forfeitable Shares in accordance with the Settlement method stipulated in the Rules, the words "Settle" and "Settled" will bear a corresponding meaning; |
| "Settlement Date" | the date on which Settlement will occur; |
| "Share" | an ordinary share in the capital of the Company; |
| "Vest" | the Forfeitable Shares of a Participant no longer being subject to any restrictions or potential forfeiture as determined according to the Rules, and "Vesting" and "Vested" will be construed accordingly; and |
| "Vesting Date" | the date on which Vesting occurs. |

**Purpose**

The FSP is primarily used as an incentive to Participants to deliver the Group's business strategy over the long-term. The FSP incentivises, motivates and retains eligible employees. The Awards made under the FSP are collectively referred to as Forfeitable Shares.

Details regarding the types of instruments are set out below:

- Performance Shares: In the form of regular annual awards, the Vesting of which is subject to the satisfaction of Performance Conditions and the Employment Condition in line with the Group's approach to performance related incentives. The Remuneration Committee will set appropriate Performance Conditions; and

- Retention Shares: Only awarded in instances where the Remuneration Committee recognises key talent instrumental in delivering the Group's business strategy. The Vesting of Retention Shares is only subject to the satisfaction of the Employment Condition. For the avoidance of doubt, these will not be made on an annual basis, nor will they be made to the Chief Executive Officer and the Financial Director.

The extent and nature of Performance Conditions applicable to the Performance Shares is approved by the Remuneration Committee annually and specifically included in the Award Letter to Participants. The Employment Condition applicable to all Retention Shares is the requirement for continued employment of the Participant by the Company, or any Employer Company.

**Participants** [14.1(a)]

Participation in terms of the FSP is limited to executives, senior management and other key employees. The final decision regarding participation remains at the Remuneration Committee's discretion and therefore the rules are drafted flexibly to allow participation by any permanent employee within the Group.

Participation is not a condition of employment, and the Remuneration Committee retains absolute discretion regarding the making of an Award to any employee in terms of the FSP.

**Rights of Participants** [14.1(e)]

In terms of the FSP, Participants become owners of the Forfeitable Shares from the Settlement Date, shortly after the Award Date. As owners of Forfeitable Share the Participants have shareholder voting rights and receive dividends from the Award date until the Vesting Date. The Forfeitable Shares cannot be disposed of by the Participant prior to the Vesting Date and are subject to forfeiture and disposal restrictions until the Vesting Date.

**Basis of Awards and Award levels** [14.1(f)]

In line with the requirements of King III, King IV and best practice, regular, annual Awards of Performance Shares are made on a consistent basis to ensure alignment in achieving long-term shareholder value creation.

Award levels are decided by the Remuneration Committee each time that Awards are made, by taking into account the particular circumstances at that time e.g. company affordability, retention considerations, and exceptional company performance. Annual allocations are benchmarked and set to a market-related level of remuneration whilst considering the overall affordability thereof to the Company.

## Performance Conditions and Vesting

The first Awards of Performance Shares in 2017 were made subject to the following Performance Conditions over a Performance Period of 3 years, ended 30 June 2019:

| | Performance Condition | Weight | Description | Targets |
|---|---|---|---|---|
| 1 | Headline Earnings per Share (HEPS) growth | 35% [25%]*** | HEPS growth is measured by calculating the compounded average growth rate (CAGR) in HEPS from the base year HEPS (being the HEPS from the financial year preceding the start of the performance period) to the HEPS at the end of the Performance Period, relative to the HEPS growth targets. | ▪ 30% Vesting – CAGR HEPS equal to CPIX* + 1% per annum over the Performance Period<br>▪ 100% Vesting – CAGR HEPS equal to CPIX + GDP**% + 3% per annum over the Performance Period |
| 2 | Return on Capital Employed (ROCE) | 35% [25%] | Measured with reference to average ROCE[1] achieved over the Performance Period relative to the performance targets.<br><br>[1]ROCE = The ratio of EBIT to capital employed (weighted average market capitalisation plus net debt).<br>[2]WACC = weighted average cost of capital at the Company's targeted debt to equity ratio – WACC for the first award is 12.55%. | ▪ 30% Vesting – ROCE equals average WACC[2] over the Performance Period<br>▪ 100% Vesting – ROCE equals average WACC over the Performance Period + 3% |
| 3 | Other Financial and Non-Financial Performance Measures | 30% [25%] | Achievement of strategic and operational financial and non-financial objectives as applicable over the period, including:<br>▪ working capital management<br>▪ expense control<br>▪ cash generation<br>▪ debt management<br>▪ transformation<br>▪ other key metrics including, market share maintenance, circulation stability, content quality maintenance, relationship management and customer satisfaction. | ▪ Working capital relative to budgeted levels.<br>▪ Expenses relative to budgeted amounts.<br>▪ Cash EBITDA conversion ratio of greater than 50% for core businesses over the period.<br>▪ Debt levels relative to covenants over the period.<br>▪ BB-BEE rating over the period.<br>▪ Achievement of other key metrics in line with set targets.<br>Each item will be scored - the achieved score divided by the total available score will generate a vesting percentage (threshold at 30%). |
| 4 | Total Shareholder Return (TSR) *** | [25%] | TSR is measured with reference to the compound annual growth rate (CAGR) achieved in TSR over the Performance Period relative to the TSR targets.<br><br>TSR is defined to be the compound annual growth rate on the Company's share purchased on the start date of the Performance Period, holding the share, and reinvesting the dividends received from the share, until the end date of the Performance Period, and then selling the share on that day. | ▪ 30% Vesting – TSR equals CPI + 5%<br>▪ 100% Vesting – TSR equals CPI + 7% |

* Consumer Price Index

** Gross Domestic Product

*** For the most senior executives, namely the CEO and CFO, in addition to 3 stated performance conditions, the first Awards of Performance Shares are also subject a 4th additional performance condition, namely Total shareholder return over a three year period. Their corresponding weightings are indicated by square brackets.

Linear Vesting will be applied for performance between levels.

The Remuneration Committee set appropriate Performance Conditions, Performance Periods, Employment Conditions and Employment Periods, as relevant, for each Award, taking into account the business environment at the time of making the Awards, and where considered necessary, in consultation with shareholders. All conditions relating to Awards are agreed with the Participants in terms of individual Award Letters.

**Manner of Settlement**

The Rules of the FSP are flexible in order to allow for Settlement in any of the following manners:

- by way of a market purchase of Shares;
- use of treasury Shares;
- issue of Shares.

The exact method of Settlement is determined by the Remuneration Committee, although the preference will be a market purchase of Shares.

In order to effect any forfeiture of Awards, the Forfeitable Shares are held by an escrow agent on behalf of the Participant until they Vest.

**Limits and adjustments**

The aggregate number of Shares which may be settled in respect of this FSP shall not exceed 13,414,563 Shares to all Participants, which equates to approximately 5% of the number of issued Shares as at the date of inception of the FSP by shareholders. This is in line with market best practice.

In determining the number of Shares Settled in respect of this FSP, the number of Shares issued by the Company or Shares held in treasury account used by the Company for Settlement of the FSP, is included in the company limit. This limit is calculated to exclude Shares purchased in the market in Settlement of the FSP and Forfeitable Shares which do not subsequently Vest as a result of forfeiture. [14.1(b)]

The Remuneration Committee must, where required, adjust the Company limit (without the prior approval of shareholders in a general meeting), to take account of a sub-division or consolidation of the Shares of the Company. [14.3(a)]

The issue of Shares as consideration for an acquisition, and the issue of Shares for cash or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the total or individual limits. [14.3(c)]

The maximum number of Shares Settled to any single Participant in terms of this FSP shall not exceed 2,682,913 shares, which represents approximately **1**% of the number of issued Shares at date of adoption of the FSP. [14.1(c)]

The Remuneration Committee may, where required, adjust the individual limit to take account of a capitalisation issue, a special distribution, a rights issue or reduction in capital of the Company. [14.3(b)]

The auditors, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the rules of the FSP and must be reported on in the Company’s financial statements in the year during which the adjustment is made.

The issue of Shares as consideration for an acquisition, and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the total or individual limits. [14.3(d), (e)]

**Consideration** [14.1(d)(i)]

The Participant will give no consideration for the Award.

**Termination of employment** [14.1(h)]

*"Fault termination"*
Termination due to resignation, dismissal on grounds of misconduct, poor performance, dishonest behaviour or fraudulent conduct, or on the basis of abscondment of Participants is classified as a "fault termination" and all unvested Awards of Forfeitable Shares will be forfeited.

*"No-fault termination"*
Participants terminating employment due to death, ill-health, disability, injury, retrenchment, retirement (except to the extent that is constitutes bad leaver termination as set out above), or the sale of a subsidiary company are classified as "no-fault termination". In a "No-fault termination" a portion of Award(s) shall Vest on the date of termination of employment. This portion will reflect the number of months served since the Award Date to the date of termination of employment over the total number of months in the Employment Period and the extent to which the Performance Condition (if applicable) has been met with reference to the immediately preceding reporting period. The remainder of the Award(s) will lapse.

**Change of Control** [14.1(g)]

In the event of a Change of Control of the Company occurring before the Vesting Date of any Award then, subject to the discretion of the Remuneration Committee, a portion of the Award will Vest as follows:

- In respect of Retention Shares, the portion of the Award which shall Vest will reflect the number of complete months served since the Award Date to the Change of Control Date, over the total number of months in the Employment Period.
- In respect of Performance Shares, the portion of the Award which shall Vest shall be determined by the Remuneration Committee, giving consideration to the extent to which the Performance Conditions have been satisfied, with reference to the immediately preceding reporting period and the number of complete months served since the Award Date to the Change of Control Date, over the total number of months in the Employment Period.

The portion of the Award that does not Vest as a result of the Change of Control will continue to be subject to the terms of the Award Letter, unless the Remuneration Committee determines otherwise. In such circumstances the Remuneration Committee may take such action as it considers appropriate to protect the interests of the Participants, including converting Forfeitable Shares in respect of Shares of one or more other companies, provided the Participant is no worse off.

**Variation of share capital**

In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares etc, Participants shall continue to participate in the FSP.

The Remuneration Committee may make such adjustment to the Award or take such other action to place Participants in no worse a position than they were prior to the happening of the relevant event and to provide that the fair value of the Award immediately after the event is materially the same as the fair value of the Award immediately before the event.

In the event of a Rights Issue, a Participant shall be entitled to participate in any Rights Issue in respect of his Forfeitable Shares in accordance with the terms and conditions of the Right Issue.

The issuing of shares as consideration for an acquisition, and the issuing of shares or a vendor consideration placing, will not be regarded as a circumstance that requires any adjustment to the Awards.

**Liquidation**

If the Company is placed into liquidation, other than for purposes of reorganisation, any Awards of Forfeitable Shares shall *ipso facto* lapse as from the Liquidation Date. Any unvested Forfeitable Shares will lapse. [14.1(e)]

**Amendment** [14.2]

The Remuneration Committee may alter or vary the rules of the FSP as it sees fit, however in the following instances the FSP may not be amended without the prior approval of the JSE and a resolution by the shareholders of 75% of the voting rights (excluding all of the votes attached to all Shares owned and controlled by persons who are existing Participants in the FSP and which have been acquired under the FSP):

- the category of persons who are eligible for Participation in the FSP;
- the number of shares which may be utilised for the purpose of the FSP;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which Awards are made;
- the amount payable upon the Award, Settlement or Vesting of an Award;
- the voting, dividend, transfer and other rights attached to the Awards, including those arising on a liquidation of the Company;
- the adjustment of Awards in the event of a variation of capital of the Company or a Change of Control of the Company; and
- the procedure to be adopted in respect of the Vesting of Awards in the event of termination of employment.

**Summary**

| Key items | Incentive |
|---|---|
| Type | Forfeitable share plan |
| Size | Limited at 5% of shares in issue |
| Performance | Performance conditions include growth in headline earnings per share, return on invested capital, other financial and non-financial measures (transformation, debt management, cash conversion, expense and working capital management relative to budget) and total shareholder return.<br>Performance conditions will have a minimum threshold, where 30% of rewards are retained. As the threshold is improved, further shares will be retained pro rata |
| Annual award | 15-70% of total cost to company, depending on seniority, responsibility and position |
| Award period | Granted annually |
| Vesting time | 3rd anniversary, cliff vesting |
| Restrictions | Post vesting, participants commit to a voluntary minimum shareholding requirement to align their interests with those of shareholders |
| Settlement | Equity |

The Company aims to meet equity obligations by maintaining sufficient treasury shares

### 3.4. Executive Contracts

To reflect their responsibilities appropriately, all executive directors and prescribed officers have contracts with Tiso Blackstar or its subsidiaries. The contracts are indefinite and include notice periods of 3 months for the chief executive officer and other key executives within the Group. Executive directors, prescribed officers and key executives within the Group are subject to a restraint of trade period of 12 months from their date of termination. These contracts are regularly reviewed to ensure they remain aligned with best governance and legislative requirements.

### 3.5. Non-executive Contracts

Non-executive director appointments are made in terms of the Company's Articles of Association and confirmed initially at the first annual general meeting of shareholders following their appointment, and then at three-year intervals. Non-executive directors are paid a base fee and do not receive fees per meeting attended. This approach of paying a retainer is in line with emerging best practice at listed companies. Non-executive directors do not receive any payments linked to Company performance and do not participate in any of the Company's incentive schemes. Non-executive directors are reimbursed for reasonable travel and subsistence expenses in line with the reimbursement policy for employees.

Each of the non-executive directors shall be paid a fee at such rate as may from time to time be determined by the Board provided that the aggregate of all fees so paid to non–executive directors shall not exceed six-hundred thousand pounds (£600,000) per annum or such higher amount as may from time to time be decided by an ordinary resolution of the Company.

The Remuneration Committee may propose and approve that an additional fee be paid to non-executive directors ("Additional Non-Executive Fee") in a situation where they are required to work additional hours for the Company in excess of the normal hours expected of them as a non-executive director, or in a situation where they are required go beyond the ordinary duties of a non-executive director at the request of the Company. The total Additional Non-Executive Fee paid during any financial year may not exceed 1 times the director's annual non-executive fee. The Company's Board of directors are required to consider and authorise such payment at the recommendation of the Remuneration Committee.

## 4. ROLE OF THE COMMITTEE

In line with King IV, the remuneration committee is appointed by the board of Directors as a subcommittee and has delegated authority, in accordance with its terms of reference which the board reviews annually.

As tasked by the Board, the committee assists in setting the Company's remuneration policy and remuneration for directors and prescribed officers. As per its terms of reference, published on our website, the committee's responsibilities are to:

- Make recommendations to the Board on the general policy for remuneration, benefits, conditions of service and staff retention;
- Annually review the remuneration packages of executive directors and prescribed officers, including risk-based monitoring of incentives;
- Determine specific remuneration packages of executive directors and prescribed officers; and
- Design and monitor operation of the Company's share incentive plans.

The committee’s full terms of reference are aligned with the Companies Act and King IV, and embrace best practice

## 5. STAKEHOLDER ENGAGEMENT

We value our continued engagement with various stakeholders, and we endeavour to maintain our relationships with all in the hope that we will continue to receive their valued input.