



SA Corporate Real Estate Fund Managers Proprietary Limited

Remuneration Policy

Contents

1.	Definition of Terms.....	3
2.	Remuneration policy objectives and philosophy	5
3.	Scope and application.....	5
4.	The remuneration committee and its role	5
5.	Key principles of remuneration.....	5
6.	Fixed remuneration and benefits	6
	6.1 Fixed pay	6
	6.2 Determination of fixed remuneration	7
	6.3 Remuneration process.....	7
	6.4 Benefits	9
7.	Variable Remuneration	10
	7.1 Short-term incentive.....	10
	7.2 Long-term Incentive: Forfeitable Share Plan (FSP)	11
8.	Sign-on bonuses	12
9.	Malus and Clawback Policy	13
10.	Minimum Share Holding Condition	15
11.	Performance Management.....	16
	11.1 Role of Performance Management	16
	11.2 Link between performance and pay	16
12.	Policy on employment contracts	16
13.	Non-executive director fees	16
14.	Voting results and steps to be taken	17

1. Definition of Terms

For the purpose of this document, the table below provides a list of terms and the respective definitions applied.

Term	Definition
Clawback	Post vesting forfeiture and repayment of some or all of a Variable Remuneration award.
Company	SA Corporate Real Estate Fund Managers Proprietary Limited.
Consumer Price Index (CPI)	An index which measures changes in the price level of consumer goods and services purchased by households (The inflation rate).
Employee	A person employed by the Company in terms of a contract of employment.
External equity	The perceived fairness in pay relative to what other employers are paying for the same type of job in the external market.
Fixed remuneration	The non-discretionary remuneration that does not regularly vary according to performance or results achieved.
FSP	Forfeitable Share Plan, previously known as the Forfeitable Unit Plan (FUP)
Fund	SA Corporate Real Estate Fund converted to a Corporate REIT, SA Corporate Real Estate Limited, on 1 July 2015.
Group	SA Corporate Real Estate Limited and its subsidiaries including the Company, but excluding employees of all of the Afhco group of companies being Afhco Holdings (Pty) Ltd and its subsidiaries.
Internal equity	The perceived equity (or fairness/impartiality) of a remuneration system within a company.
Job evaluation	A systematic process of assessing the job content and ranking jobs according to a consistent set of job characteristics to create a job worth hierarchy. The job worth hierarchy determines and illustrates where each job fits in the Company relative to the other jobs in the Company.
JSELR	Johannesburg Stock Exchange Listing Requirements
LTI	Long-term incentive.
Lower Quartile (25 th percentile)	The lower quartile of remuneration: 75% of the sample receives a higher value of remuneration and 25% receive a lower value.
LRA	Labour Relations Act 66 of 1995.
King IV	King IV report on Corporate Governance for South Africa 2016
Malus	Pre-vesting forfeiture or reduction of a Variable Remuneration award.
Median (50 th percentile)	The middle value of remuneration: 50% of the sample receives a higher value of remuneration and 50% receive a lower value.
Paterson grading system	A grading system comprised of grades A through F; with A being the lowest level within an organisation and F being the highest level within an organisation. Paterson's grading system defines levels of job worth in the form of grades which indicate the nature of decision-making and complexity associated with the role. An upper grade reflects a job requiring, programming and policy

Term	Definition
	decisions, (more accountability), mid-level grades require coordination or supervision (routine or interpretive decisions), and lower grades reflect automatic and defined decisions.
REIT	Real Estate Investment Trust.
Remuneration mix	The relationship between the fixed and the variable remuneration.
Rules of the Plan	Forfeitable Share Plan Rules as amended from time to time.
SACREL	SA Corporate Real Estate Limited, a public company listed on the JSE as a REIT.
STI	Short-term incentive.
The Committee	Constituted Remuneration Committee of the Board of Directors of SACREL.
Total Guaranteed Package (TGP)	The total guaranteed cost to a company of employing an Employee. Total Guaranteed Package (TGP) typically refers to a remuneration structure in which all benefits, both compulsory and additional benefits are convertible to cash. Employees may structure their total package in terms of a number of benefits. In such a structure there are, typically, prescribed minimum core benefits for medical and retirement.
Total Cash Remuneration (TCR)	Includes all components of the Total Guaranteed Package (TGP) and short-term incentive bonuses. It excludes any benefit that forms part of the long-term incentive.
Total Cost to Company (TCTC)	The total guaranteed cost to a company of employing an Employee (TGP).
Upper Quartile (75 th percentile)	The upper quartile value of remuneration: 25% of the sample receives a higher value of remuneration and 75% receive a lower value.
Variable remuneration	Remuneration that is dependent on discretion, performance or some pre-determined and agreed results achieved.

2. Remuneration policy objectives and philosophy

To support the achievement of the Group's strategic intent and objectives through attracting, developing and retaining talented people by ultimately aligning remuneration and incentives with the overall business strategy.

The reward philosophy consists of a set of beliefs which underpin the remuneration strategy of the Company; it governs reward policies and provides the foundation for the guiding principles which determine how reward processes operate. The Company is committed to fair, responsible, transparent and understandable policies which emphasise superior individual and team performance, and drive growth in distributions and share price which is sustainable over the long term and aligned with the business strategy.

The Company's philosophy is to employ, effectively incentivise and seek to retain through appropriate remuneration structures the highest standard of Employees who form the foundation of the Group's business success. Further, remuneration structures should be designed to promote a fast-moving and entrepreneurial culture, which enables and encourages the superior business performance which the remuneration structures are designed to reward.

Accordingly, the Company will aim to position guaranteed remuneration initially towards the median of the market and ultimately at the median, with superior/stretch performance by Employees enabling remuneration to exceed median levels.

The Company believes that when executives are invested in SACREL, a firm commitment to the success of the Group is displayed, and the executives' interests are more strategically aligned with those of the shareholders. To display its commitment to this belief, a voluntary minimum shareholding condition is implemented by the Company, at levels which are appropriate for each executive.

In terms of section 3.84(k) of the JSELR and King IV, the remuneration policy should record the measures that the Board commits to take 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 annual general meeting.

3. Scope and application

This remuneration policy ("the Policy") sets the Group's broad remuneration philosophy and standards for all permanent employees of the Company.

4. The Remuneration Committee and its role

The Committee has been appointed by 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.

5. Key principles of remuneration

The principles of remuneration underpin each component of the Company's remuneration policy, and represent the Company's remuneration approach, providing guidance for the basis upon which Employees are rewarded.

- Remuneration policies should align closely and transparently with the agreed Group strategy and be reviewed regularly in light of changes in the business strategy;
- Remuneration policies should be considered in light of their affordability to the Group, with particular consideration paid to the aggregate impact of Employees' remuneration on the finances of the Group, its capital and investment needs, and distributions to shareholders;
- Remuneration policies should promote risk management and not encourage behaviour which is contrary to the Group's risk management strategy and does not drive excessive risk taking;
- Remuneration policies should be transparent and easy to understand and apply;
- Remuneration policies should be equitable, striking a balance between internal equity (all Employees being fairly rewarded for their roles in the organisation), and external equity (all Employees being fairly rewarded in terms of the market).
- Guaranteed remuneration should be aligned to the job requirements, grading level and competence of each individual Employee;
- Remuneration should be strongly linked to performance which results in sustainable long-term benefits to the Group, and should be delivered in the form of a balanced pay-mix, which comprises the following components:
 - basic cash;
 - benefits;
 - variable remuneration (STI and LTI); and
 - operational or circumstantial allowances.

6. Fixed remuneration and benefits

6.1 Fixed pay

- The Company follows a Total Cost to Company (TCTC) approach to structure remuneration for all Employees. The total value of the guaranteed remuneration and benefits package is expressed as the total benefit to the Employee as well as a cost to the Company. All elements of the guaranteed remuneration and benefits package are added up, and the total constitutes the total guaranteed package.
- As part of the Total Cost to Company structure, Employees are able to structure their own benefits according to their individual needs which allows for certain flexibility of choice.
- Guaranteed remuneration reflects the Employee's role and job worth within the Company and Group and is payable for doing the expected day-to-day job requirements, and forms the basis of the Company's ability to attract and retain the required skills.
- Guaranteed pay will be structured to include the following:
 - Basic cash;
 - Retirement contribution;
 - Medical Aid contribution;
 - Life cover and disability benefits;

- Travel allowance, where applicable;
- Cell phone benefits, where applicable; and
- Fibre / internet benefits, where applicable.

6.2 Determination of fixed remuneration

- The design of the Company's pay scales is guided by a number of key best practice principles. The pay scale seeks to obtain the balance between affordability and competitiveness. In order to find a balance between the need to employ staff at cost effective rates and the need to compete for scarce skills and top performers, the median is regarded as the most appropriate market reference point for the Company. This is the anchor around which the pay scales are built. The scales are also wide enough to allow for differentiation based on performance.
- The following features are incorporated in the design of the Company's scales:
 - The pay structure supports the remuneration philosophy;
 - The principles of internal and external equity are upheld;
 - The pay scales are flexible enough to respond to internal and external pressures;
 - It ensures consistent decision-making and application of the remuneration philosophy;
 - Implementation is not disruptive or unnecessarily costly;
 - It has appropriate stakeholder buy-in;
 - It is legally defensible;
 - It is affordable yet competitive.

6.3 Remuneration process

6.3.1 Annual reviews

The purpose of the annual review process, with increases with effect from 1 July, is to compare each Employee's pay to the policy pay ranges adopted for the following year and make necessary adjustments in line with the pay policy.

6.3.2 Annual increases

- In order to determine an appropriate and market related mandate for annual reviews, the Company takes a number of factors into consideration. These factors include CPI, affordability, the financial position of the Group, market movements and the Employee populations' market position. A recommendation based on the above factors is sent to the Committee for the approval of the mandate.
- The increases will be conducted in accordance with the following guidelines:
 - Cost of living adjustments taking into account the current CPI and other factors such as external environment and market pressures.
 - Market adjustment and/or parity increases seeking to address internal inequities which exist within the organisation by awarding an additional amount to Employees who are performing at a level of at least competent performance and are paid below the minimum of the pay scale. Such an adjustment should take into account the degree to which the market related pay levels have moved since the last date of previous review and other external considerations, whilst incorporating affordability and business strategy of the Group.

- A benchmarking exercise shall be performed every two years to ascertain market movements which will inform the appropriateness of the annual cost of living and market adjustments.
- In all the above processes the outcome of individual Employees' annual review will also be taken into account.
- The cost-of-living adjustment and adjustments based on market and pay scale position will be expressed as a single percentage increase to individual remuneration.

6.3.3 Managing internal equity anomalies

Due to historical remuneration decisions, some anomalies may exist in terms of pay for Employees against the current pay scales.

- Below the median
 - Where individual Employee salaries are below the median by more than 20%, the Company will endeavour to bring the individual Employee salary to at least 80% of the midpoint of the pay scale (median) of the market. Affordability and available funds will determine how soon it can be corrected. This could be addressed over a period of time (two to three years).
 - People on performance improvement programmes will only be brought in line once their performance is at an acceptable level.
- Above the median
 - Where individual Employee salaries are above the median by more than 20%, all cases will be investigated to determine the reasons before corrective actions are taken.
 - Corrective action will be taken in consultation with the individuals concerned. The possibility to enrich an individual's position with more complex functions to increase the relative worth of the position will be considered where possible.
 - Under certain circumstances it could be decided to maintain the present situation. If such a decision is taken the reasons must at all times be defensible.
 - Where necessary the annual salary increases of the individual Employee will be below the average level of the cost-of-living adjustment.
 - The following example of a "Performance – Position" salary increase grid will be utilised during annual salary reviews when making remuneration increase decisions.

SAMPLE INCREASE GRID					
PERFORMANCE RATING	POSITION IN THE PAY SCALE				
	BETWEEN MIN AND LOWER GUIDE	BETWEEN GUIDE AND MIDPOINT	LOWER AND	BETWEEN MIDPOINT AND UPPER GUIDE	BETWEEN GUIDE AND UPPER AND MAXIMUM
5 – Outstanding	10%	9%		8%	7%
4 – Very Good	8%	7%		6%	5%
3 – Meets requirements	6%	5%		4%	3%
2 – Needs Improvement	0%	0%		0%	0%
1- Unsatisfactory	0%	0%		0%	0%

6.3.4 New Appointments

The remuneration of new appointees should be positioned appropriately according to their job grade (linked to their position) and the applicable pay range for that grade. The placing of the Employee within the pay range should be based on principles of internal equity, with any initial anomalies managed by future adjustments. Care should be taken to avoid creating an anomaly

(either paying above or below the pay range) that will be difficult to manage into the future, and/or create unmanageable inequity relative to peers. Flexibility may be applied to attain certain employment equity targets.

6.4 Benefits

The benefits listed below are those currently offered by the Company.

6.4.1 Medical and retirement benefits

Individuals are permitted to structure these benefits and to manage them in a way that they feel is appropriate in relation to their own personal situation.

Medical Aid

Membership of a medical aid is compulsory, but Employees may select the medical aid plan. Currently, Employees must be members of the Discovery Health Medical Scheme. If an Employee belongs to a spouse's medical aid proof of membership must be provided. Medical aid subscriptions form part of the inclusive total cost to company package. Members have the option of topping up their medical aid cover by taking out Gap Cover for in-hospital treatment which is underwritten by Sirago Underwriting Managers at their own cost.

No post-retirement medical aid benefit is offered.

Pension Fund

The Company provides a compulsory Defined Contribution Pension Fund Scheme, the Alexander Forbes Retirement Fund, for eligible Employees. The Fund is an Umbrella Fund and whilst a default option is provided, Employees can choose from a number of investment options. An eligible Employee becomes a member of the Pension Fund, in terms of the rules of the Pension Fund, upon appointment.

Members may elect a portion of their TGP, in the range of 70% to 90% to be their pensionable earnings. Members are provided with a choice of contribution at rates of 6.5% or 7.5% of their elected pensionable earnings. The Company's contribution to risk and retirement funding is 13% of pensionable earnings for Employees who joined prior to June 2014 and 12% for Employees who joined thereafter.

6.4.2. Other benefits offered

The following additional benefits are offered to Employees:

Cell phone and/or fibre/internet benefit

The Company provides a company owned contract to certain Employees depending on the role of employee as per the applicable policy. The Company pays the business portion of the cell phone and/or fibre/internet, with the balance being paid by the Employee to the service provider.

Life cover

As Retirement Fund members, Employees enjoy a Life Assurance Benefit which is an amount of life cover that is allocated by the Management Board of the Retirement Fund to Employee nominated dependants/beneficiaries in the event of death in service. The Employee's Life Assurance Benefit is expressed as a multiple of an Employee's annual pensionable earnings and is determined by an Employee's age on 1 January each year. The scale of multiples for Employees who have satisfied medical testing is reviewed annually using normal insurance principles ranges from 12.3 times of annual pensionable earnings for ages up to 33 years to 2.4 times for ages 58 and older. These multiples may change from time to time in line with the claims experience of the Pension Fund. More details can be found in the applicable policy.

Disability benefit

As Retirement Fund members, Employees are covered and will receive a disability income benefit due to severe illness and/or disability until they are fit to return to work or retire, which benefit is currently 80% of TGP.

Leave

Annual-, Sick-, Family Responsibility-, Maternity-, Paternity- and Study leave will be provided as per the applicable policy. Employees may sell annual leave up to a maximum of 7 days per annum and can make a selection to do so once per annum.

7. Variable Remuneration

The Company endeavours to ensure that there is a strong link between strategic objectives and remuneration policies and practices.

To achieve this outcome, the Company has two schemes to reward performance in the short- and long-term.

The main purpose of the short-term incentive plan ("the STI") is to create a performance culture and to reward Employees for achieving strong annual results against pre-determined targets.

The main purpose of the long-term incentive plan ("the FSP") is to attract, retain and reward participants through the annual award of shares. It will provide selected Employees with the opportunity to share in the success of the Group and to be incentivised to deliver the business strategy for the Group over the long-term. This will provide alignment between key Employees and shareholders. The FSP works in conjunction with the voluntary minimum shareholding conditions.

All Variable Remuneration awards after [the approval date] will be subject to the Group Malus and Clawback policy which is detailed in section 9 below.

7.1 Short-term incentive

7.1.1 Purpose and principles of the short-term incentive

- The short-term incentive plan is based on the following principles:

- All Employees are eligible for a short-term incentive bonus based on the principles of the STI and the threshold(s) for the eligibility will be as determined by the Committee or the Board of SACREL from time to time;
 - Cash STI = TGP x On-target% x Business Multiplier x Personal Multiplier;
 - Different on-target STI award levels as percentages of TGP are proposed at various levels.
 - The Business Multiplier is based on a performance scorecard for the business overall;
 - The Personal Multiplier is based on an individual performance scorecard;
 - The business scorecard will be based primarily on financial outputs – inter alia shareholder total returns relative to peer group, distribution growth, net portfolio income growth, accretion from acquisitions, developments and recycling of capital and capital structure, vacancies, arrears, and non-financial measures *inter alia* strategy implementation, risk and governance, transformation and green strategy;
 - The personal performance scorecard will be based on the Employee’s responsibility areas, with measures, weights and target levels agreed annually in advance;
 - The STI will be capped at 200% of the On-target value.
- Short-term incentive awards to employees that are subject to the Malus and Clawback Policy below will be required to furnish signed acceptance of any such awards which acknowledge acceptance of the applicable Clawback provisions.

7.2 Long-term Incentive: Forfeitable Share Plan (FSP)

7.2.1 Purpose and types of instruments

Under the FSP Participating Employees (“Participants”) will receive an award of shares (“Forfeitable Shares”) that are subject to forfeiture and disposal restrictions until the vesting date. The rationale behind the introduction of the FSP is to align participants closely with shareholders, through the award of three types of instruments with the following intentions:

- **Performance Shares**, the vesting of which are subject to pre-determined performance metrics (“Performance Conditions”) and continued employment (“Employment Condition”), and which are intended to be used primarily as an incentive to Participants to deliver the Group’s business strategy over the long-term through the selection of appropriate and stretching Performance Conditions; and/or
- **Retention Shares**, the vesting of which are subject to the fulfilment of the Employment Condition by the Participant, and which are aimed at retention in specific, *ad-hoc* circumstances where it is in the Company’s, Group’s and shareholders’ strategic and financial interests that a specific individual is retained.

The FSP aims to encourage Participants’ shareholding, by providing for the delivery of real shares, meaning that Participants will be shareholders in SACREL. The FSP aligns with King IV recommended practices and the Group’s strategy as it is less leveraged than option type plans, and as such mitigates the risk of unjustified windfalls.

Regular, annual awards of Performance Shares will be made in terms of the FSP on a consistent basis to ensure long-term shareholder value creation. Retention Shares will be made on an ad hoc basis.

7.2.2 Participants

Eligible Employees will include executive directors and senior management. The Committee may, in its discretion, call upon the Chief Executive Officer to make recommendations as to which of their Employees he/she wishes to incentivise, retain the services of or attract the services of, by the making of an award of Forfeitable Shares.

7.2.3 Rights of participants and distributions

Under the FSP, Participants will become owners of the Forfeitable Shares from the settlement date, shortly after the award date and will immediately benefit from distributions (subject to certain restrictions set out below), and have shareholder voting rights in respect of the Forfeitable Shares over the vesting period. The Forfeitable Shares cannot be disposed of by the Participant prior to the vesting date and will be subject to forfeiture restrictions until the vesting date.

A portion of each distribution relating to unvested Performance Shares (“Pledged Distributions”) will be required to be pledged to the Company or SACREL and held by an escrow agent for the benefit of the Participant, and will be forfeitable to the extent that the underlying Forfeitable Share does not vest. The portion which is required to be pledged to the Company or SACREL will be equivalent to 40% (forty percent) of the post-tax value of each declared distribution amount relating to unvested Forfeitable Shares. Retention Shares are not subject to Performance Conditions and as such Participants will receive 100% of the distributions in respect of unvested Retention Shares.

The mix between Forfeitable Shares will be weighted considerably more towards Performance Shares, as the Performance Shares will be awarded annually, whereas the Retention Shares will be awarded on an ad hoc basis to address specific needs determined by the Committee.

The award levels will be decided by the Committee each time that awards are granted, by taking into account the particular circumstances at that time. Annual allocations will be benchmarked and set to a market related level of remuneration whilst considering the overall affordability thereof to the Company and Group. More detail surrounding the FSP may be found in the Rules of the Plan.

7.2.4 Acceptance of Malus and Clawback Conditions

Any Award Letter issued after [policy approval date] will provide for signed acceptance of any applicable Malus and Clawback Policy provisions.

8. Sign-on bonuses

- Sign-on bonuses should only be awarded in exceptional cases where a particular skill is needed to be employed and recruiting the skill necessitates a sign-on bonus.
- The condition of any cash Sign-on bonus is that the employee must remain employed by the Group for [at least twenty-four (24) months], and should the employee not remain employed for any reason for this period, then the employee will be required to repay the bonus, [pro-rated for the time actually served from the date of employment to the date of termination of employment]

- Alternatively, the award may be implemented as an FSP award, and the FSP provisions for termination of employment will apply.
- The discretion to award a sign-on bonus is that of the Chief Executive Officer but requires the approval of the Chairman of the Remuneration Committee.

9. Malus and Clawback Policy

Application of Malus

All employees receiving incentives will be subject to the Malus provisions of the Policy.

Application of Clawback

The following categories of employees will be subject to the Clawback provisions of the Policy:

- Executive Directors;
- Executive Committee Members;
- Prescribed Officers; and
- Senior Managers.

Clawback period

The Clawback Period is the period of three (3) years following the payment or settlement of any Variable Remuneration award.

Trigger Events

Malus Trigger Events

The Committee may exercise its discretion to determine that an award is subject to reduction or forfeiture (in whole or in part) as a result of:

- The Company's or (any subsidiary's) financial statements having been materially restated at any time before the accrual of the award, other than a restatement due to an appropriate change in accounting policy or to rectify a minor error;
- The Company or any business unit or member or subsidiary having suffered a material downturn in its financial performance at any time before the accrual of the award;
- The discovery that any information or the assessment of any performance condition(s) used to determine an award was based on a material error, or inaccurate or misleading information;
- The Participant having, in the reasonable opinion of the Committee, deliberately misled the Company or any subsidiary, the market and/or the Company's shareholders regarding the financial performance or position of the Company or of any subsidiary at any time before the accrual of the award;

- The Participant's actions at any time whether before or during the vesting period having, in the reasonable opinion of the Committee, caused harm to the reputation of the Company, the subsidiary and/or the Participant's business unit;
- The Participant's actions at any time before the accrual of the award having, in the reasonable opinion of the Committee, amounted to misconduct or a material error;
- The Company, the subsidiary or the business unit in which the Participant works having, in the reasonable opinion of the Committee, following consultation with the relevant committees, suffered a material failure of risk management whether before or at the time of the accrual of the award;
- The Participant's actions having, in the reasonable opinion of the Committee, amounted to negligence, incompetence or poor performance at any time whether before or at the time of the accrual of the award; or
- Any other matter which, in the reasonable opinion of the Committee, is required to be taken into account to comply with prevailing legal and/or regulatory requirements, which for the avoidance of doubt, includes the applicable laws published by a regulator from time to time.

Clawback Trigger Events

Committee will consider applying Clawback in the following limited circumstances:

- The discovery of a misstatement resulting in an adjustment to the Company or group's audited accounts (or the audited accounts of any group company) in respect of a period for which the employment condition and employment period applicable to an award were assessed; and/or
- The discovery of the events that occurred prior to award or vesting that have led to the censure of the Company or a group company by a regulatory authority or have had a significant detrimental impact on the reputation of any group company, subsidiary or the Participant's business unit; and/or
- The discovery of action or conduct of a Participant which in the opinion of the Committee amounts to gross misconduct that occurred prior to award or vesting; and/or
- The discovery that any information or the assessment of any performance condition(s) used to determine an award was based on erroneous, or inaccurate or misleading information, and lead to a material error in the calculation of any variable pay award.

Where there is reasonable evidence that a Trigger Event occurred prior to the Vesting Date and this is discovered before the expiry of the Clawback period, the Committee may exercise its discretion to require a Participant to repay the Clawback amount (or a portion thereof).

Committee and Board Responsibility

Before the Committee makes a recommendation to the Board to implement Malus or Clawback provisions under this Policy, the Committee is to:

- Review the situation to understand the impact of the Trigger Event (if applicable);

- Assess the proximity of the Participant and his/her level of responsibility regarding the Trigger Event; and
- Provide the relevant Participant with written notice of the intended actions and the right to respond in writing within 14 days to raise salient matters.

The Board of the Company retains the discretion to undertake a final determination of whether an event qualifies as a Trigger Event and the final value to be held back or retrieved from a Participant.

Where there is reasonable evidence of a Trigger Event, the Board, on advice from the Committee may resolve to undertake the following actions:

- Where not satisfied that an incentive award is appropriate or warranted due to the circumstances, and where the incentive award has not vested, decide to cancel or adjust any unvested STI or LTI awards, thereby effecting their full or partial forfeiture; and
- Where satisfied that a vested and / or settled incentive award was, with the benefit of hindsight, not appropriate or warranted as the result of a subsequently identified Trigger Event, Clawback the incentive award or any part of it, or withhold from any future awards, that portion of the full value to be recouped.

In making this determination, the Board may consult advisors regarding the legal consequences of applying Malus and/or Clawback.

Policy Introduction

This Policy, upon approval by the Committee, will immediately apply to all future Variable Remuneration offers of awards to Participants, and will be referred to in, and become an integral part of all future offer letters.

10. Minimum Share Holding Condition

The Company believes that senior executives should be encouraged to build up a shareholding in SACREL, to align their interests to that of shareholders. Accordingly, a minimum shareholding condition has been implemented by the Company at levels which are appropriate for each senior executive. The Executive Directors are required to build up a personal shareholding in the Company over a five-year period from vested FSPs to the extent that this can be achieved from the holding of 50% of post-tax vested FSP awards.

The minimum shareholding target for the Chief Executive Officer is 200% of TGP and the target for other Executive Directors, including the Chief Financial Officer, is 100% of TGP. The measurement of these holdings will be based on the TGP of the executives and the market value of their holdings at the end of the 2024 financial year, on the basis of the 20-trading day VWAP of their holdings. Unvested share awards are not included in the holdings to be measured. The target will be measured at the end of the 2024 financial year for the incumbents and at the first financial year end following a five-year period after appointment for Executive Directors appointed in the future.

11. Performance Management

11.1 Role of Performance Management

Performance management in the Company assists in supporting Employees in optimising their performance in their current roles and in supporting Employees' on-going development and growth.

11.2 Link between performance and pay

The Company believes in rewarding and recognising high performance which the remuneration policies seek to drive. This focus on high performance is expected to result in a strong differentiation between levels of performers, through the operation of performance based increases, and the short and long-term incentive plans. It will also increase the alignment of the interests of Executives and Employees and shareholders.

12. Policy on employment contracts

In relation to contracts with executive directors, the Committee, subject to circumstances, will maintain the following policy:

- All Employees are on permanent contracts;
- Agreements with executive directors and senior executives are subject to no less than three months' notice period;
- Contracts should not commit the Company to pay any amounts on termination arising from the director's failure to perform;
- Balloon payments on termination are not seen as fair remuneration policy;
- If a director is dismissed because of a disciplinary procedure, a shorter notice period should apply without entitlement for compensation for the shorter notice period; and
- Contracts should not compensate directors for severance because of change of control.

Non-executive directors are subject to election by shareholders at the first annual general meeting following their appointment and thereafter are required to submit to retire in accordance with the with the provisions of the SACREL memorandum of incorporation (MoI).

The appointment of a non-executive director may be terminated without compensation if that director is not re-elected by shareholders or otherwise in accordance with the Company's (MoI).

13. Non-executive director fees

The Company Secretary recommends the non-executive director fee structures to the Committee for onward approval by the Board. Input from independent advisers to the Board is sought and considered every three years. In this regard, the Company Secretary and the Committee rely on benchmark studies by its independent advisers based on the same comparator group used for executive directors' remuneration. In selecting a comparator group, companies listed on the JSE

are sized according to sector, EBITDA, total assets, turnover and market capitalisation. Companies with material foreign holdings/income are excluded from the comparator group.

The non-executive director fees, excluding the fee of the Chairman of the Board, comprise a base (annual retainer) fee and attendance fees (per meeting) which, in the Committee's view, is sufficient to attract Board members with the appropriate level of skill and expertise. The Chairman of the Board receives an annual fee. As a policy principle, fees are aimed initially towards the median of the market and ultimately at the median of the selected comparator group.

14. Voting results and steps to be taken

Should 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 annual general meeting, the Company undertakes to take the following steps in good faith and with reasonable effort:

- In its voting results SENS announcement, provide an invitation to dissenting shareholders to engage with the Company;
- Identify possible other dissenting voters;
- Determine the manner, form and timing of engagement and communicate it to the dissenting voters;
- Ascertain the reasons for the dissenting votes;
- Appropriately address legitimate and reasonable objections and concerns raised;
- Amend the remuneration policy or clarify or adjust the remuneration governance and/or processes; and
- Disclose in the background statement of the remuneration report succeeding the voting:
 - with whom the Company engaged, and the manner and form of engagement to ascertain the reasons for dissenting votes; and
 - the nature of steps taken to address legitimate and reasonable objections and concerns.

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