

# Remuneration report

THE GROUP'S REMUNERATION DISCLOSURE AND REPORTING HAS BEEN ALIGNED WITH THE RECENTLY INTRODUCED KING IV AND IS PRESENTED IN THREE PARTS AS RECOMMENDED BY THE NEW GOVERNANCE CODE.



## PART ONE

### Introduction

The remuneration policy, which is outlined in part 2 of this report, and the implementation report, which forms part 3, will again be presented separately to shareholders for a non-binding advisory vote at the forthcoming annual general meeting (AGM).

Both of these reports were approved by a majority of shareholders at the AGM in 2017 (refer to page 67 for outcome of voting).

The composition of the Remuneration Committee was revised during the year following changes to the group's board. Independent non-executive director Prof Fatima Abrahams was appointed as chairperson of the committee in October 2017 following the retirement of Ben van der Ross as a director of the group. Newly-appointed non-executive directors Adheera Bodasing, Daphne Motsepe and Duncan Westcott joined the committee while David Nurek also retired as a director of the group.

The key issues addressed by the committee during the year were:

- Considered and approved the total guaranteed pay for executive directors, senior management and the Internal Audit executive.
- Engaged the services of PE Corporate Services to conduct a remuneration benchmarking survey of executive management of Lewis Stores, and applied the outcomes in evaluating and approving remuneration packages.
- Reviewed and approved targets for the Lewis executive retention scheme and the Lewis long-term and short-term executive performance schemes.
- Approved the 2018 share awards under both share incentives schemes.
- Reviewed and approved the remuneration policy and the implementation report to be included in the group's integrated report.

In the 2019 financial year the committee will focus on the following:

- Review the Lewis long-term and short-term executive performance scheme,
- Review the remuneration policy.
- Review and approve financial targets.

## PART TWO

### Remuneration policy

#### Remuneration philosophy

Lewis Group strives to create a performance-oriented culture which fairly rewards staff for their contribution in achieving the group's strategic, financial and operational objectives. Key to the group's remuneration philosophy is recognising employees' contribution to the success of the business and their commitment to the company's values. The growth and sustainability of the business is dependent on the group's ability to attract, retain and motivate competent people.

#### Remuneration principles

Remuneration practices are structured to encourage sustainable, long-term wealth creation through the following:

- Aligning remuneration practices with the group's strategy.
- Aligning executive reward systems with the interests of stakeholders.
- Promoting a performance-based culture across the business.
- Offering appropriate short-term and long-term performance-related rewards that are fair and achievable.
- Attracting and retaining talented individuals in the furniture retail and financial services industries.
- Rewarding, retaining and motivating talented people while still managing employment costs effectively.

#### Remuneration governance

The board is accountable for the remuneration philosophy, policy and practices. Responsibility for oversight of the group's remuneration policies and practices has been delegated to the Remuneration Committee.

The committee is chaired by an independent non-executive director. The chief executive officer attends meetings at the invitation of the committee. The committee may at its discretion invite other executives or external advisers to attend meetings but no individual may be present during any discussion on their own performance or remuneration.

<b>Chairperson</b>
Prof Fatima Abrahams (appointed 1 December 2017)
Ben van der Ross (resigned 17 October 2017)
<b>Members</b>
Adheera Bodasing (appointed 1 June 2017)
Daphne Motsepe (appointed 1 June 2017)
Hilton Saven
Alan Smart
Duncan Westcott (appointed 1 December 2017)
David Nurek (resigned 30 November 2017)
<b>Meetings</b>
Three per year

The responsibilities of the committee are as follows:

- Ensuring the remuneration policy is aligned with the group's strategic objectives and encourages superior individual performance.
- Reviewing and approving compensation of executive management, executive and non-executive directors and the Internal Audit Executive.
- Ensuring executive directors are equitably rewarded based on market trends, surveys, individual performance and contribution.
- Reviewing incentive schemes to ensure continued alignment to the enhancement of shareholder value.
- Approving the award of share incentives.
- Ensuring employee benefits are suitably disclosed.
- Recommending non-executive directors' fees for shareholder approval based on market information.
- Ensuring practices are compliant with relevant legislation and regulation.

#### Non-binding advisory vote

The group's remuneration policy and implementation report is subject to a non-binding advisory vote by shareholders at the annual general meeting each year. This enables shareholders to express their views on the remuneration policy and the implementation of the policy, and for the board to take these views into account.

In the event that either the remuneration policy or the implementation report is not adopted by a vote of at least 75%, the Remuneration Committee shall follow a shareholder engagement process and take proactive measures to address shareholders' concerns.

# Remuneration report continued

## Remuneration benchmarking

Remuneration is market-based and competitive owing to the portability of skills in the retail and financial services sectors. External remuneration surveys are used to benchmark executive and non-executive remuneration in comparable positions. Market surveys assist in ensuring executives are competitively rewarded in line with their performance and contribution. Remuneration packages are determined by considering market trends, the importance of a position relative to the group's business, the required skills set, job specific expertise, performance and contribution of individuals.

## Remuneration structure

Remuneration is optimised through a combination of annual guaranteed pay, benefits, and short and long-term incentives.

## Executive directors and senior management

The remuneration structure of executive directors and senior management is closely linked to the achievement of the group's financial and operating targets, and is therefore closely aligned to the interests of shareholders.

Executive director and senior management remuneration packages comprise the following elements, with a significant portion of remuneration being performance-related:

- Annual guaranteed pay
- Annual cash-based performance bonus
- Medium and long-term share-based incentives

The CEO and CFO have service contracts and are subject to 24-month and 12-month notice periods from either party respectively.

## Annual guaranteed pay

Annual guaranteed pay includes a cash salary and company contributions to retirement and healthcare funding. Cash salaries are set at the market median and are benchmarked against peers in comparable positions in similar companies. Salaries are reviewed annually by the Remuneration Committee and the level of increase is merit-based in relation to individual and group performance, and also considers market pay movements. Increases are effective from 1 April at the start of the financial year.

## Annual cash-based performance bonus

Executive directors and senior management participate in a performance bonus scheme which is linked to their base salary. No portion of any participant's bonus is guaranteed. Bonus payments are based on group performance relative to board-approved budgeted targets. The performance of the executive directors and senior management is evaluated against all or some of the following financial and operating targets:

- Revenue growth
- Merchandise sales growth
- Gross profit margin
- Operating cost management
- Debtor cost management and debtor performance
- Net profit before taxation
- Headline earnings per share

The targets for gross profit margin, operating costs, debtor costs and operating profit margin are disclosed in the Integrated Report each year. Detail on performance relative to these targets is included on page 11. The targets for revenue growth, merchandise sales growth, net profit before taxation and earnings per share are not disclosed as this is considered by the board to be market and price-sensitive information. The performance against the targeted net profit before tax is disclosed on page 67 for the 2017 financial year.

The sustainability of the group's business is critical in determining remuneration and performance targets are designed to discourage increased risk taking by the executives.

Achievement of between 90% and 100% of target results in the payment of a bonus increasing on a *pro rata* basis from 50% to 100% of cash salary. Where actual performance exceeds 100% up to a maximum of 110% of target, bonuses may increase on a *pro rata* basis and capped at a maximum of 150% of cash salary.

The achievement of targets is reviewed by the Remuneration Committee before any incentive payments are made to executive directors. Bonuses are paid at the end of the first quarter of the following financial year.

### Medium and long-term share-based incentives

Share incentive schemes are aimed at motivating the executive directors to contribute to the long-term growth and sustainability of the group, attracting and retaining talented people and aligning rewards with shareholder interests.

The group's share schemes are equity-settled. The total number of shares and options under the schemes may not exceed 10% in the aggregate of the group's issued share capital. Awards will only be paid if the participant is in the employ of the group at the time of vesting, other than in the event of death, ill-health, retirement or retrenchment.

Participation in the schemes is at the discretion of the remuneration committee and limited to the executive directors of Lewis Group and the directors, general managers and selected senior staff ("executives") of Lewis Stores, the group's main operating subsidiary. Awards are made annually in June. Special awards can be made when the remuneration committee deems it appropriate.

### Legacy long-term retention scheme

In 2014 the remuneration committee approved a new five-year long-term retention scheme for senior executives. The criteria for this scheme is that Lewis Group must achieve compound growth of 6% in attributable profit to ordinary shareholders for the preceding five years at the point of vesting in years three, four and five. One-third of the awards vest each year from the third anniversary date of the award to the fifth anniversary date. The executive must be employed with the group at vesting date.

### Legacy three-year bonus scheme

In November 2014, the remuneration committee approved a once-off cash bonus scheme for senior executives. The committee approved two targets to qualify for the bonus:

- Average return on shareholders' equity must equal or exceed 12.5% for the period 1 April 2014 to 31 March 2017.
- R1 billion net profit attributable to ordinary shareholders for the year ended 31 March 2017. The committee approved tiered levels of target achievement for each category of executive.

### Lewis executive retention scheme (LERS) (previously the co-investment scheme)

The LERS is aimed at retaining executives who play a key role in the operation of Lewis Group and can influence the performance of the business.

The Lewis Group operates a cash-based performance bonus scheme in terms of which bonuses are determined and paid annually based on Lewis Group performance relative to board approved targets. Executives will be offered the opportunity to invest all or part of their net after tax annual performance bonus in the company's shares.

Executives elect the percentage of their net bonus to be invested in shares, subject to a minimum of 10% of their respective net bonuses. Shares are then purchased on the market on behalf of the executive.

These invested shares are held on the executive's behalf in a nominee capacity for a period of three years, whereafter the registered ownership of the shares is transferred to the executive.

Where invested shares are acquired, the company issues matching share options to the executive at no consideration in a pre-determined ratio such that the value of the matching share option at the date of grant is equivalent to the percentage of the gross bonus which the executive elected to invest. There are no additional performance criteria which are required to be complied with for exercise of the matching share options as executives have already met the performance targets and/or standards determined by the committee. The matching share options vest on the third anniversary of the date of grant of the matching share options, provided that the executive remains in the employ of the Lewis Group.

The trust will purchase shares for the purpose of the LERS on the open market to avoid dilution of ordinary shareholders. It remains company policy not to allow the trust to purchase shares on the open market during prohibited periods. The company will utilise a maximum of 1.0 million shares (approximately 1% of the company's issued share capital at 31 March 2015) for purposes of the LERS, irrespective of the source of those shares. The maximum number of shares that can be awarded to an individual executive is 0.4 million shares over the lifetime of the LERS.

# Remuneration report continued

## **Lewis Long-Term and Short-Term Executive Performance Share Scheme (LSPS)**

*(previously the Executive Performance Scheme)*

The purpose of the LSPS is to:

- motivate executives to continue to contribute to the growth and sustainability of the Lewis Group and to maintain a performance-orientated culture;
- align executive rewards with the interests of stakeholders;
- attract and retain talented individuals in the furniture retail and financial services industries; and
- offer appropriate short-term and long-term performance-related rewards that are fair and achievable.

Granting awards to executives provides them with the opportunity to acquire shares, thereby aligning the interests of the Lewis Group and its stakeholders.

Awards made under the LSPS offer executives the right to acquire shares for no consideration, subject to the achievement of performance targets determined by the committee. The following types of awards may be granted in terms of the LSPS:

### **Short-term awards**

Three-year awards which vest three years after the grant date.

### **Long-term awards**

- Four-year awards which vests as follows:
  - 50% on the third anniversary of the grant date; and
  - The remaining 50% on the fourth anniversary of the grant date;
- Five-year awards which vests as follows:
  - one-third on the third anniversary of the grant date;
  - one-third on the fourth anniversary of the grant date;
  - the remaining third on the fifth anniversary of the grant date;
- Alternate awards on such vesting dates as the committee may determine. It is anticipated that this type of award will only be used in exceptional circumstances.

### **Performance targets for short-term awards**

Performance targets can either be set at the grant date for the entire performance period or for each financial year during the performance period, which shall be determined by the committee within three months after the commencement of each financial year.

The committee shall select any or all of the following performance criteria for determining the performance targets in respect of short-term awards:

- Headline earnings per share
- Quality of the debtors book
  - satisfactory paid accounts
  - debtor costs as a percentage of net debtors
- Gross margin

### **Performance targets for long-term awards**

Performance targets will be set for the performance period as at the grant date. The performance targets set by the committee shall be as follows:

- Headline earnings per share; and at least one of the following performance criteria:
  - Return on average shareholders' equity
  - After tax return on average capital employed
  - Before tax return on average capital employed
  - Before tax return on average assets managed
  - Gearing ratio

The committee has the discretion to determine what portion of an award shall relate to a particular performance target, such that if some, but not all of the performance targets are met, then only the specified portion shall vest. Furthermore, the committee shall have the ability to allocate a greater proportion of an award to performance targets which the executive has the ability to influence having due regard to his or her employment responsibilities.

Performance targets may be adjusted where material changes (both positive and negative) have been made to accounting policies resulting from IFRS becoming effective after the grant date. The committee shall be entitled in exceptional circumstances (both positive and negative) to amend performance targets having regard to all circumstances including, but not limited to, changes to international and national macroeconomic circumstances, the performance of the Lewis Group relative to the industry in which it operates and any corporate actions undertaken by the Lewis Group during the relevant performance period. The committee has not exercised this discretion to amend performance targets in exceptional circumstances.

The trust will purchase shares for the purpose of the LSPS on the open market to avoid dilution of ordinary shareholders. It remains company policy not to allow the trust to purchase shares on the open market during prohibited periods. The company will utilise a maximum of 3.5 million shares (approximately 3.6% of

the company's issued share capital at 31 March 2015) for purposes of the LSPS, irrespective of the source of those shares. The maximum number of shares that can be awarded to an individual executive is 1.25 million shares over the lifetime of the LSPS.

## Management

Managers and selected staff of Lewis Stores receive an annual guaranteed salary, which includes retirement and healthcare benefits. They may also participate in the annual performance bonus scheme and the medium and long-term share-based incentive schemes described above, at the discretion of the remuneration committee. Salaries are reviewed annually and the level of increase is based on group and individual performance.

### Staff

Staff receive a base salary, performance-linked incentives or a 13th cheque, retirement and healthcare funding. The group subsidises membership of designated healthcare schemes. Staff benefits include educational bursaries, discounts on staff purchases and low-cost funeral and personal accident insurance. Membership of one of the group's five retirement funds is compulsory for all permanent staff. Salaries are reviewed annually and the level of increase is based on group and individual performance.

Salespersons earn a commission on gross profit once a commission level is exceeded. Operational management are incentivised on a balanced set of targets including sales, collections, write-offs, stock management and expense control.

## Non-executive directors

Non-executive directors are paid a fee for their services as directors. In addition, fees are paid for serving on board committees. The fees are benchmarked externally against comparable companies and based on an assessment of the non-executive director's time commitment and increased regulatory and governance obligations.

In line with best governance and remuneration practice, non-executives do not participate in the group's incentive schemes. None of the non-executive directors have service contracts with the group and no consultancy fees were paid to non-executive directors during the period.

The remuneration of non-executive directors is reviewed annually by the remuneration committee and recommended to shareholders for approval at the annual general meeting.

# PART THREE

## Implementation report 2018

### Approvals granted by shareholders

The group's remuneration policy and implementation report was proposed to shareholders for a non-binding advisory vote at the annual general meeting in October 2017, and was approved by the majority of shareholders.

Resolution	Votes for %	Votes against %	Abstentions %
Approval of the company's remuneration policy	85.5	13.2	1.3
Approval of the company's implementation report	86.9	11.8	1.3

Shareholders also approved the fees payable to non-executive directors for the 2018 financial year by unanimous vote.

### Annual salary increase

The average staff increase, excluding unionised staff, was 4% to 6%. Increases to executives were merit-based and varied from 3% to 6%.

### Annual cash-based performance bonus scheme

The remuneration committee approved a net profit before taxation target of R770 million for the 2017 financial year. The group achieved R521.3 million and as it was below the 90% minimum, executives did not qualify for bonuses.

### Lewis Executive Retention Scheme (LERS)

The LERS allows executives to invest their net cash bonus in Lewis Group shares and the company issues matching share options to executives at no cost. The matching share options vest on the third anniversary subject to the executive still being in the employ of the company.

# Remuneration report continued

	Vesting date	Average share price of award Rand	Total shares purchased for executives	Total matching share awards
2017 awards	–	–	–	–
2016 awards	–	–	–	–
2015 original award	30/06/2018	98.88*	77 781	131 839
2015 withdrawals (forfeitures)	–	–	(12 121)	(20 545)
2015 totals 31 March 2018	–	–	65 660	111 294

\* The 2015 matching share awards will vest on 30 June 2018 and the share trust will purchase the shares for the LERS on the open market to avoid dilution to ordinary shareholders.

As no cash bonuses were earned by executives in June 2016 and June 2017 based on the company performance criteria, there were no allocations in terms of this scheme. Furthermore, no discretionary cash bonuses were paid to executives during this period.

### Lewis Long-term retention scheme

A five-year long-term retention scheme for senior executives was implemented in June 2013.

The performance criteria for the scheme is that the group must achieve 6% compound growth in attributable profit for the preceding five years, at the point of vesting in June for the years 2016, 2017 and 2018.

The performance criteria for this award was not met as measured in 2016, 2017 and now in 2018. All share awards under this scheme will be forfeited as none of the performance criteria was met. This scheme has now run its course and will not be renewed.

### Lewis Long-term and Short-term Executive Performance Scheme (LSPS)

#### Short-term awards - Three-year awards

The performance targets are set by the remuneration committee at the beginning of each of the three years and are based on a weighting set for each executive, depending on their employment responsibilities, of the following:

- Headline earnings per share
- Quality of the debtors book
  - level of satisfactory paid customers
  - debtor costs as a percentage of net debtors
- Gross margin

The short-term award share allocations for executive directors are disclosed in the outstanding share

awards table on page 71.

The committee discloses the annual performance targets set for the executive directors each year in arrears.

The remuneration committee approved the vesting of these awards based on the achievement of the following targets:

2017 targets	2017 Target	2017 Actual	2017 Award
Headline earnings per share (cents)	608	399.5	Not achieved
Quality of the debtors book:			
Level of satisfactory paid customers (%)	≥68.8	68.5	Not achieved
Debtor costs as a percentage on net debtors (%)	≤17.1	19.1	Not achieved
Gross margin (%)	≥39.1	41.6	Achieved

2016 targets	2016 Target	2016 Actual	2016 Award
Headline earnings per share (cents)	926.8	621.7	Not achieved
Quality of the debtors book:			
Level of satisfactory paid customers (%)	68.0	68.8	Achieved
Debtor costs as a percentage on net debtors (%)	13.8	17.1	Not achieved
Gross margin (%)	37.9	38.0	Achieved

The group will continue to disclose these performance targets in arrears.

Summary of three-year awards		2015 Number of share awards	2016 Number of share awards	2017 Number of share awards	Total Number of share awards
Share price at award date	(Rand)	99.45	45.95	32.57	
Three-year awards		203 660	900 058	1 570 988	<b>2 674 706</b>
Forfeitures – staff leaving 2016		(7 257)	–	–	<b>(7 257)</b>
Forfeitures – staff leaving 2017		(20 487)	(91 164)	–	<b>(111 651)</b>
Forfeitures – staff leaving 2018		–	–	(7 369)	<b>(7 369)</b>
<b>Total forfeitures staff leaving</b>		<b>(27 744)</b>	<b>(91 164)</b>	<b>(7 369)</b>	<b>(126 277)</b>
Forfeitures – non-performance 2016		(43 749)	–	–	<b>(43 749)</b>
Forfeitures – non-performance 2017		(48 022)	(223 728)	–	<b>(271 751)</b>
Forfeitures – non-performance 2018		–	–	–	<b>–</b>
<b>Total forfeitures – non-performance</b>		<b>(91 771)</b>	<b>(223 729)</b>	<b>–</b>	<b>(315 500)</b>
<b>Shares remaining – 31 March 2018</b>		<b>84 145</b>	<b>585 166</b>	<b>1 563 619</b>	<b>2 232 929</b>

#### Long-term awards – Four year awards

The remuneration committee selected the measurements and set the performance criteria for long-term awards (four-year awards) under the LSPS scheme in June 2015. These performance targets have been set at the grant date in respect of the entire performance period. The weightings and performance criteria are as follows:

Performance measure	Weighting	Criteria
Headline earnings per share (HEPS)	65%	2015 HEPS compounded each year by greater of 5% or headline CPI
Gearing ratio	10%	May not exceed 35%
Return on average shareholders' equity	25%	ROE to average 15% over each vesting period

Summary of four-year awards	Number of shares
June 2015	<b>1 070 000</b>
Forfeitures – staff leaving	<b>(170 000)</b>
<b>Total shares utilised</b>	<b>900 000</b>
Forfeitures – non-performance 2018	<b>(405 000)</b>
<b>Shares remaining – 31 March 2018</b>	<b>495 000</b>
Cancellation – non-performance 2019*	<b>(405 000)</b>
Vesting – June 2018 (Only gearing ratio measure achieved)	<b>(45 000)</b>

\* It is highly unlikely that the group will attain the HEPS and ROE targets set in June 2015 and the trustees have approved the cancellation of the shares on this scheme and the participants have voluntarily agreed to the cancellation thereof on 21 June 2018.

# Remuneration report continued

## Executive directors' remuneration

	Salary R'000	Pension contributions R'000	Medical aid contributions R'000	Total guaranteed pay R'000	Bonuses paid* R'000	Gain on share awards			Total remuner- ation R'000
						Executive Performance Scheme		Co- Investment Scheme <sup>&gt;</sup> R'000	
						Five years <sup>&lt;</sup> R'000	Three years <sup>#</sup> R'000		
<b>2018</b>									
J Enslin	3 572	572	140	4 284	–	–	–	–	4 284
L Davies	2 737	438	107	3 283	–	–	–	–	3 283
<b>Total</b>	<b>6 309</b>	<b>1 009</b>	<b>248</b>	<b>7 567</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7 567</b>
<b>2017</b>									
J Enslin	3 443	551	127	4 120	–	–	1 641	1 270	7 031
L Davies	2 638	422	97	3 157	–	–	1 268	999	5 424
<b>Total</b>	<b>6 080</b>	<b>973</b>	<b>223</b>	<b>7 277</b>	<b>–</b>	<b>–</b>	<b>2 910</b>	<b>2 270</b>	<b>12 456</b>
<b>2016</b>									
J Enslin	3 348	536	115	4 000	2 936	–	3 645	2 163	12 745
L Davies	2 566	411	88	3 065	2 296	–	2 868	1 734	9 962
<b>Total</b>	<b>5 914</b>	<b>947</b>	<b>204</b>	<b>7 065</b>	<b>5 232</b>	<b>–</b>	<b>6 513</b>	<b>3 897</b>	<b>22 707</b>

\* No bonuses were earned by Executives in 2017 and 2018 financial years.

\* The bonus paid in 2016 relates to the achievement of the performance targets for the 2015 financial year.

# The gain on the share awards in the 2017 financial year relate to shares awarded in terms of the three-year Executive Performance Scheme in June 2013, having achieved the performance targets for the financial years 2014 and 2015.

> The gain in the 2017 financial year under the Co-Investment Scheme relates to the bonus earned for the 2013 financial year, which was invested in the company's shares by the executives for three years and vested in June 2016.

## Outstanding share awards

2018 Date of share awards	Share price at award date	Long-Term and Short-Term Executive Performance Scheme <sup>1</sup> number of shares			Executive Retention Scheme <sup>2</sup> number of shares		
		Johan Enslin	Les Davies	Total	Johan Enslin	Les Davies	Total
June 2013 Five year award (legacy scheme)	62.30	80 000	60 000	140 000			
Forfeiture - non-performance		(40 000)	(30 000)	(70 000)			
June 2015 three-year award <sup>1</sup>	99.45	33 695	25 817	59 512	29 700	23 220	52 920
Forfeiture - non-performance		(19 319)	(14 802)	(34 121)	-	-	-
June 2015 four-year award <sup>1</sup>	99.45	120 000	90 000	210 000	-	-	-
Forfeiture - non-performance		(54 000)	(40 500)	(94 500)	-	-	-
June 2016 three-year award <sup>3</sup>	45.95	149 980	114 911	264 891	-	-	-
Forfeiture - non-performance		(44 994)	(34 474)	(79 468)	-	-	-
June 2017 three-year award <sup>4</sup>	32.57	219 498	168 193	387 691	-	-	-
<b>Total</b>		<b>444 860</b>	<b>339 145</b>	<b>784 005</b>	<b>29 700</b>	<b>23 220</b>	<b>52 920</b>

<sup>1</sup> Shares issued in terms of the Long-Term and Short-Term Executive Performance Scheme and subject to performance criteria in years 2016, 2017 and 2018.

<sup>2</sup> The 2015 award was issued under the Executive Retention Scheme

<sup>3</sup> The 2016 award was issued under the Long-Term and Short-Term Executive Performance Scheme and subject to performance criteria in years 2017, 2018 and 2019.

<sup>4</sup> The 2017 award was issued under the Long-Term and Short-Term Executive Performance Scheme and subject to performance criteria in years 2018, 2019 and 2020.

In terms of the Lewis Executive Retention Scheme, the trust holds 31 221 shares (2017: 31 221 shares) on behalf of the above directors by virtue of the investment of their bonuses into the scheme.

The potential dilutionary effect of the outstanding awards amount to 0.42% of the shares in issue.

# Remuneration report continued

## Non-executive directors' fees

	Directors' fees	Audit committee member	Risk committee member	Remuneration committee member	Nomination committee member	Social, ethics and transformation committee member	Monarch directors' fees	Monarch audit and risk committee member	Total non-executive directors' remuneration
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>2018</b>									
David Nurek (resigned 30 November 2017)	366	76	54	43	58	43	103	44	787
Fatima Abrahams	263	115	81	87	38	130	116	49	878
Adheera Bodasing (appointed 1 June 2017)	200	87	62	49	29	–	–	–	425
Daphne Motsepe (appointed 1 June 2017)	200	87	62	49	29	49	–	–	474
Hilton Saven	360	217	113	65	58	22	155	111	1 100
Alan Smart	263	115	81	65	38	65	22	66	912
Ben van der Ross (resigned 17 October 2017)	152	67	47	75	22	–	–	–	363
Duncan Westcott (appointed 1 December 2017)	89	91	44	22	13	–	52	44	353
<b>Total</b>	<b>1 893</b>	<b>855</b>	<b>544</b>	<b>453</b>	<b>283</b>	<b>308</b>	<b>645</b>	<b>313</b>	<b>5 292</b>
<b>2017</b>									
David Nurek	525	110	78	62	83	62	149	63	1 130
Fatima Abrahams	251	110	78	62	36	123	–	–	659
Hilton Saven	251	257	123	62	36	–	149	128	1 005
Alan Smart	251	110	78	62	36	62	212	63	872
Ben van der Ross	251	110	78	123	36	–	–	–	597
<b>Total</b>	<b>1 527</b>	<b>697</b>	<b>433</b>	<b>369</b>	<b>227</b>	<b>246</b>	<b>510</b>	<b>254</b>	<b>4 263</b>

**Non-executive directors' fees**

Director	2018 R'000	2017 R'000
David Nurek – resigned effective 30 November 2017	787	1 130
Fatima Abrahams	878	659
Adheera Bodasing – appointed 1 June 2017	425	–
Daphne Motsepe – appointed 1 June 2017	474	–
Hilton Saven	1 100	1 005
Alan Smart	912	872
Ben van der Ross – resigned effective 17 October 2017	363	597
Duncan Westcott – appointed 1 December 2017	353	–
<b>Total</b>	<b>5 292</b>	<b>4 263</b>

**Proposed non-executive director fees for 2019**

Board/committee position	Increase %	Proposed fees for 2019 R'000	Fees earned for 2018 R'000
Non-executive chairman	5.0	585	557
Non-executive director	5.3	280	266
Audit committee chairman	5.1	286	272
Audit committee member/invitee	5.2	122	116
Risk committee chairman	5.3	138	131
Risk committee member	4.9	86	82
Remuneration committee chairman	5.3	138	131
Remuneration committee member	4.6	68	65
Nomination committee chairman	5.6	94	89
Nomination committee member	5.3	40	38
Social, Ethics and Transformation committee chairman	5.3	138	131
Social, Ethics and Transformation committee member	4.6	68	65

**Directors' shareholding**

At 31 March 2018, the directors' beneficial direct and indirect interest in the company's issued shares was as follows:

Director	Direct 2018 R'000	Indirect 2018 R'000	Direct 2017 R'000	Indirect 2017 R'000
David Nurek	–	–	–	20 000
Hilton Saven	–	6 440	–	6 440
Alan Smart	319 070	–	319 070	–
Johan Enslin	176 038	17 522	176 038	17 522
Les Davies	320 192	13 699	320 192	13 699
<b>Total</b>	<b>815 300</b>	<b>37 661</b>	<b>815 300</b>	<b>57 661</b>