

# Remuneration report

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.

This remuneration report is presented in two parts: the first part of the report sets out the remuneration policy and governance and part two the implementation and remuneration reporting in line with best practice and good governance principles.

## Part one: 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
- 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 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 and non-executive directors
- 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
- Ensuring that the liabilities of the group's retirement funds are adequately funded
- Recommending non-executive directors' fees for shareholder approval based on market information
- Ensuring practices are compliant with relevant legislation and regulation

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.

### Non-binding advisory vote

The group's remuneration policy 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 for the board to take these views into account.

### 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 from time to time 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.

#### A. Executive directors

The remuneration structure of executive directors 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 remuneration packages comprise the following elements, with a significant portion of remuneration being performance-related:

1. Annual guaranteed pay
2. Annual cash-based performance bonus
3. Medium- and long-term share-based incentives.

Executive directors have service contracts and are subject to 24-month notice periods from either party.

#### 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 selected general managers participate in a performance bonus scheme which is linked to their base salary. No portion of any executive director bonus is guaranteed. Bonus payments are based on group performance relative to board-approved budgeted targets and individual performance, which includes the following metrics depending on the role of the executive:

- Revenue growth
- Merchandise sales growth
- Gross profit margin
- Operating cost management
- Debtor cost management
- Growth in operating profit
- Growth in net profit before taxation
- Growth in 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.

Details 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 for the past three years on page 65.

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 are increased 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 participants. Bonuses are paid at the end of the first quarter of the following financial year.

# Remuneration report (continued)

## 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. Awards are made annually in June. Special awards can be made when the Remuneration Committee deems it appropriate.

## Long-term retention scheme

In 2015 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 each of 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.

## 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, approved in June 2015, 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 one 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.

**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 macro-economic 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.

# Remuneration report (continued)

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.

## **B. Senior management**

The directors, general managers and senior 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.

## **C. 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.

## **D. 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 from time to time 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 of Lewis Group 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.

### **Approval of the remuneration policy and non-executive directors' fees**

The group's remuneration policy was again proposed to shareholders for a non-binding advisory vote at the annual general meeting in October 2016, and was approved by the majority of shareholders. (2016: For: 76.2%, Against: 23.2% and Abstentions: 0.6%)

Shareholders also approved the fees payable to non-executive directors for the 2017 financial year by unanimous vote.

The remuneration and share awards paid to executive directors follows in the implementation report. As the group's two prescribed officers in terms of the Companies Act are both executive directors, this meets the King III requirement to disclose all remuneration paid to prescribed officers.

## Part two: Implementation Report

### Annual guaranteed pay

The average staff increase, excluding unionised staff, was 4%. Increases to executives were merit-based and varied from 3% to 5%.

### Annual cash based performance bonus

The Remuneration Committee approved the net profit before taxation target of R1 157 million in March 2015 for the 2016 financial year. The company achieved R1 279 million for the 2016 financial year but this included a once off profit from the sale of investments amounting to R495 million. The adjusted actual achievement was R784 million or 68% of target and therefore no cash bonus was earned by executives. This zero cash bonus is disclosed for executive directors in the table on page 67.

### Executive performance scheme

#### 2013 Three year awards

The Remuneration Committee approved the vesting of these awards based on the achievement of the targets as follows:

|  | 2016  | 2015  | 2014   |
|--|-------|-------|--------|
| Net profit before taxation target (Rm) | 1 157 | 1 107 | 1 335  |
| Actual result (Rm)                     | 784   | 1 168 | 1 177* |
| Vesting %                              | 0%    | 100%  | 100%   |

\* The Remuneration Committee exercised its discretion in respect of the 2014 financial year and awarded 100% vesting despite the group not achieving its budget net profit before taxation target.

Executives therefore only earned two-thirds of the June 2013 award with one-third being forfeited. The details of this award are disclosed in the table of shares vested during the 2017 financial year on page 67.

### Lewis Executive Retention Scheme (LERS)

#### 2016 Awards

As no cash bonuses were earned by executives in June 2016, there were no share allocations in terms of this scheme for 2016.

#### 2015 Awards

On 30 June 2015, 13 of the 15 executives who earned a cash-based performance bonus elected to invest 100% of their respective bonuses in the LERS. The employee share trust purchased the shares on the open market at an average price of R98.88 per share. These invested shares are held on behalf of executives for a period of three years and matching shares equal to the before tax bonus are awarded for no consideration at the end of the period.

These matching share awards will only vest on 30 June 2018, should the executive still be in the employ of the company.

#### 2014 Awards

There were no awards made under this scheme in 2014.

#### 2013 Awards

On 14 June 2013, all executives who earned a cash-based performance bonus elected to invest 100% of their respective bonuses in the co-investment scheme. The employee share trust purchased the shares on the open market at an average price of R61.90 per share.

These invested shares were held on behalf of executives for a period of three years and matching shares equal to the before tax bonus were awarded for no consideration on 14 June 2016 using the share price of R49.01. The details of this 2013 award are disclosed in the table of shares vested during the 2017 financial year on page 67.

### Lewis Long-term retention scheme

#### 2013 AWARDS

In 2013 the Remuneration Committee approved a new five-year long-term retention scheme for senior executives.

Performance criteria is that the group must achieve 6% compound growth in attributable profit for the preceding five years of the point of vesting in each of years 2016, 2017 and 2018.

In 2016 the performance criteria for this award was not met and therefore one third of the allocation was forfeited.

# Remuneration report (continued)

## 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 the each of the three years and are based on a weighting set for each executive depending on their daily employment responsibilities, of the following:

- Headline earnings per share
- Quality of the debtors book
- Gross margin

The short-term award share allocations for executive directors are disclosed in the outstanding share awards table on page 67.

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

### 2015 Awards

The 2015 three-year awards were based on a market price of R99.45 and are subject to performance targets for 2016, 2017 and 2018. Should performance targets be met, vesting of these awards will be on 30 June 2018.

### 2016 Awards

The 2016 three-year awards were based on a market price of R45.95 and are subject to performance targets for 2017, 2018 and 2019. Should performance targets be met, vesting of these awards will be on 28 June 2019.

The committee will disclose the annual performance targets set for the executive directors each year in arrears. The 2016 performance targets are disclosed in the table below:

|                                    | 2016 Target | 2016 Actual | 2016 Award   |
|------------------------------------|-------------|-------------|--------------|
| Headline earnings per share        | 926.8 cents | 621.7 cents | Not achieved |
| Quality of the debtors book        |             |             |              |
| – Satisfactory paid customers      | 68.0%       | 68.8%       | Achieved     |
| – Debtor costs as % of net debtors | 13.8%       | 17.1%       | Not achieved |
| Gross margin                       | 37.9%       | 38.0%       | Achieved     |

### 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:

#### Weightings

- |  |     |
|--|-----|
| • Headline earnings per share            | 65% |
| • Gearing ratio                          | 10% |
| • Return on average shareholders' equity | 25% |

#### Performance criteria

- Headline earnings per share  
The target for each of the vesting dates will be the 2015 HEPS compounded each year by the greater of 5% or headline CPI
- Gearing ratio  
Gearing for each year cannot exceed 35%
- Return on average shareholders' equity (ROE)  
ROE has to average 15% over each vesting period

The four-year awards share allocations for executive directors are disclosed in the outstanding share awards table on page 67.

Executive directors' remuneration

| Director<br>(R'000) | Salary       | Pension<br>contributions | Medical aid<br>contributions | Total<br>guaranteed<br>pay | Bonuses<br>paid* | Gains on share awards              |                             |              | Total<br>Remuneration |
|---------------------|--------------|--------------------------|------------------------------|----------------------------|------------------|------------------------------------|-----------------------------|--------------|-----------------------|
|                     |              |                          |                              |                            |                  | Executive<br>Performance<br>Scheme | Co-<br>Investment<br>scheme |              |                       |
| <b>2017</b>         |              |                          |                              |                            |                  | 5yrs                               | 3yrs <sup>#</sup>           | **           |                       |
| <b>J Enslin</b>     | 3 443        | 551                      | 127                          | 4 120                      | –                | –                                  | 1 641                       | 1 270        | 7 031                 |
| <b>L Davies</b>     | 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>         |
| 2016                |              |                          |                              |                            |                  |                                    |                             |              |                       |
| 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>         |
| 2015                |              |                          |                              |                            |                  |                                    |                             |              |                       |
| J Enslin            | 3 125        | 500                      | 105                          | 3 730                      | 1 568            | 2 620                              | 2 034                       | 1 818        | 11 770                |
| L Davies            | 2 443        | 391                      | 81                           | 2 915                      | 1 213            | 1 747                              | 1 630                       | 1 489        | 8 993                 |
| <b>Total</b>        | <b>5 568</b> | <b>892</b>               | <b>186</b>                   | <b>6 645</b>               | <b>2 781</b>     | <b>4 367</b>                       | <b>3 664</b>                | <b>3 307</b> | <b>20 764</b>         |

\* 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 current 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. (refer to page 65)

\*\* The gain in the current financial year under the Co-Investments Scheme relates to the bonus earned for the financial year 2013, which was invested in the company's shares by the executives for the last three years to March 2016.

Outstanding share awards

| 2017 | Date of share awards                    | Long-term and short-term Executive Performance Scheme <sup>1</sup><br>– Number of shares |                |                | Executive Retention Scheme <sup>2</sup><br>– Number of shares |               |               |
|------|---|--|----------------|----------------|---|---------------|---------------|
|      |   | Johan Enslin   | Les Davies     | Total          | Johan Enslin  | Les Davies    | Total         |
|      | June 2015 three-year award <sup>1</sup> | 33 695   | 25 817         | 59 512         | 29 700  | 23 220        | 52 920        |
|      | June 2015 four-year award <sup>1</sup>  | 120 000  | 90 000         | 210 000        | –   | –             | –             |
|      | June 2016 three-year award <sup>3</sup> | 155 390  | 119 056        | 274 446        | –   | –             | –             |
|      | <b>Total</b>                            | <b>309 085</b>   | <b>234 873</b> | <b>543 958</b> | <b>29 700</b>   | <b>23 220</b> | <b>52 920</b> |

(1) 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.

(2) The 2015 award was issued under the Executive Retention scheme.

(3) 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.

In terms of the Lewis Executive Retention Scheme, the trust holds 31 221 shares (2016: 59 005 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 2.67% of the shares in issue.



# Remuneration report (continued)

## Shares vested during the 2017 financial year

| Director   |                  | Date awarded | Shares awarded | Shares forfeited | Shares vested (***) | Gains on share awards R'000 |
|--|------------------|--------------|----------------|------------------|---------------------|-----------------------------|
| <b>Executive Performance Scheme</b>                          |                  |              |                |                  |                     |                             |
| Johan Enslin   | three-year award | June 2013    | 50 232         | 16 744           | 33 488              | 1 641                       |
| Les Davies   | three-year award | June 2013    | 38 819         | 12 940           | 25 879              | 1 268                       |
| <b>Total</b>   |                  |              | <b>89 051</b>  | <b>29 684</b>    | <b>59 367</b>       | <b>2 909</b>                |
| <b>Co-Investment Scheme</b>                                  |                  |              |                |                  |                     |                             |
| Johan Enslin   |                  | June 2013    | 25 917         | –                | 25 917              | 1 270                       |
| Les Davies   |                  | June 2013    | 20 390         | –                | 20 390              | 999                         |
| <b>Total</b>   |                  |              | <b>46 307</b>  | <b>–</b>         | <b>46 307</b>       | <b>2 269</b>                |
| *** Shares vested at an average price of R49.01 in June 2016 |                  |              |                |                  |                     |                             |
| <b>Long-term retention Scheme</b>                            |                  |              |                |                  |                     |                             |
| Johan Enslin   | five-year award  | June 2013    | 120 000        | 40 000           | –                   | –                           |
| Les Davies   | five-year award  | June 2013    | 90 000         | 30 000           | –                   | –                           |
| <b>Total</b>   |                  |              | <b>210 000</b> | <b>70 000</b>    | <b>–</b>            | <b>–</b>                    |

## Non-executive directors' fees (R'000)

| 2017             | Director's fees | Audit Committee member | Risk Committee member | Remuneration Committee member | Nominations Committee member | Social, Ethics and Transformation Committee member | Monarch Director's fees | Monarch Audit and Risk Committee member | Total non-executive directors' remuneration |
|------------------|-----------------|------------------------|-----------------------|-------------------------------|------------------------------|--|-------------------------|---|---|
| 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>                                |

| 2016             | Director's fees | Audit Committee member | Risk Committee member | Remuneration Committee member | Nominations Committee member | Social, Ethics and Transformation Committee member | Monarch Director's fees | Monarch Audit and Risk Committee member | Total non-executive directors' remuneration |
|------------------|-----------------|------------------------|-----------------------|-------------------------------|------------------------------|--|-------------------------|---|---|
| David Nurek      | 509             | 107                    | 75                    | 59                            | 79                           | 59   | 143                     | 60                                      | 1 091                                       |
| Fatima Abrahams  | 243             | 107                    | 75                    | 59                            | 35                           | 119  | –                       | –                                       | 637   |
| Hilton Saven     | 243             | 249                    | 119                   | 59                            | 35                           | –  | 143                     | 122                                     | 969   |
| Alan Smart       | 243             | 107                    | 75                    | 59                            | 35                           | 59   | 203                     | 60                                      | 841   |
| Ben van der Ross | 243             | 107                    | 75                    | 119                           | 35                           | –  | –                       | –                                       | 578   |
| <b>Total</b>     | <b>1 481</b>    | <b>676</b>             | <b>419</b>            | <b>356</b>                    | <b>217</b>                   | <b>237</b>   | <b>489</b>              | <b>242</b>                              | <b>4 116</b>                                |

**Non-executive directors' fees**

Summary by director:

| <b>Director (R'000)</b> | % Increase  | 2017         | 2016         |
|-------------------------|-------------|--------------|--------------|
| David Nurek             | 3.6%        | 1 130        | 1 091        |
| Fatima Abrahams         | 3.4%        | 659          | 637          |
| Hilton Saven            | 3.7%        | 1 005        | 969          |
| Alan Smart              | 3.7%        | 872          | 841          |
| Ben van der Ross        | 3.3%        | 597          | 578          |
| <b>Total</b>            | <b>3.6%</b> | <b>4 263</b> | <b>4 116</b> |

**Proposed non-executive director fees for 2017**

| <b>Board/Committee position (R'000)</b>              | % Increase | Proposed fees for 2018 | Approved fees for 2017 |
|--|------------|------------------------|------------------------|
| Non-executive chairman                               | 4.1%       | 557                    | 535                    |
| Non-executive director                               | 4.3%       | 266                    | 255                    |
| Audit Committee chairman                             | 3.8%       | 272                    | 262                    |
| Audit Committee member/invitee                       | 3.6%       | 116                    | 112                    |
| Risk Committee chairman                              | 4.0%       | 131                    | 126                    |
| Risk Committee member                                | 3.8%       | 82                     | 79                     |
| Remuneration Committee chairman                      | 4.0%       | 131                    | 126                    |
| Remuneration Committee member                        | 3.2%       | 65                     | 63                     |
| Nominations Committee chairman                       | 4.7%       | 89                     | 85                     |
| Nominations Committee member                         | 2.7%       | 38                     | 37                     |
| Social, Ethics and Transformation Committee chairman | 4.0%       | 131                    | 126                    |
| Social, Ethics and Transformation Committee member   | 3.2%       | 65                     | 63                     |

**Directors' shareholding**

At 31 March 2017, the directors' beneficial direct and indirect interest in the company's issued shares was as follows:

| <b>Director</b> | <b>2017</b>    |                 | <b>2016</b>    |                 |
|-----------------|----------------|-----------------|----------------|-----------------|
|                 | <b>Direct</b>  | <b>Indirect</b> | <b>Direct</b>  | <b>Indirect</b> |
| David Nurek     | –              | 20 000          | –              | 20 000          |
| Hilton Saven    | –              | 6 440           | –              | 6 440           |
| Alan Smart      | 319 070        | –               | 319 070        | –               |
| Johan Enslin    | 176 038        | 17 522          | 131 380        | 33 072          |
| Les Davies      | 320 192        | 13 699          | 281 289        | 25 933          |
| <b>Total</b>    | <b>815 300</b> | <b>57 661</b>   | <b>731 739</b> | <b>85 445</b>   |