

# 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. Key to the Group's remuneration philosophy is recognising employees' contribution to the success of the business.**



## Committee Chairperson's Report

I am pleased to present the Lewis Group Remuneration Report, which sets out the Group's Remuneration Policy and the Implementation Report. The board, through the Remuneration committee (the committee), continues to strive to create a performance-orientated culture which fairly rewards staff for their contribution in achieving the Group's strategic, financial and operational objectives.

### Scope of Report

The Remuneration Report for the 2020 financial year covered the period up to 28 August 2020. Consequently, this year's Report covers the period from 29 August 2020 to the date of this Report, being 9 June 2021.

### Committee composition and meetings

The committee met on 24 March 2021 and 25 May 2021.

The composition of the committee for the Reporting period was as follows:

Director	Status
Prof. Fatima Abrahams	Independent non-executive director
Adheera Bodasing	Non-executive director
Daphne Motsepe	Independent non-executive director
Tapiwa Njikizana	Independent non-executive director
Hilton Saven	Independent non-executive director
Duncan Westcott	Independent non-executive director

The Chief executive officer attends meetings at the invitation of the committee.

### Non-binding advisory votes

At the annual general meeting in October 2020, the Remuneration Policy was endorsed by shareholders and received 93.0% of the votes cast while the Implementation Report received 56.0% support (79.9% and 82.9% respectively in 2019). In accordance with the recommendations of the King IV Report on Corporate Governance for South Africa, 2016 and paragraph 3.84(j) of the JSE Limited Listings Requirements, dissenting shareholders were invited to participate in an engagement process through an announcement published on SENS on 23 October 2020. The engagement process was held on 16 November 2020. There was one participant representing less than 1% of the shares held. The Remuneration committee considered matters that were raised.



### Committee activities

The main areas of focus for the committee during the year were as follows:

- Considered and approved the total guaranteed pay for executive directors and the internal audit executive for 2022 financial year.
- Reviewed and approved the Remuneration and Implementation Report included in the 2021 Integrated Report.
- Approving June 2021 awards under the 2019 Lewis Executive Retention Scheme (2019 LERS), 2019 Lewis Executive Performance Scheme (2019 LEPS) and the Cash Settled Long-Term and Short-Term Executive Performance Plan (CSLSPP).
- Setting the Group's performance targets for all share incentive schemes, the cash settled plan and cash-based performance bonus for the 2022 financial year.

- Considered the measurement of the actual performance against targets for the 2021 financial year for the Lewis Long-term and Short-term Executive Performance Scheme (LSPS), 2019 LEPS and CSLSP.
- Considered the measurement of the actual performance against targets for the 2021 financial year for the cash-based performance bonus.

The committee is satisfied that it has fulfilled the requirements of its charter and that the objectives of the Remuneration Policy have been met, without material deviation.

**Prof. Fatima Abrahams**  
Chairperson

9 June 2021

## 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. 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 committee.

The committee is chaired by an Independent non-executive director and 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.

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 benchmarks, surveys, individual performance and contribution.
- Reviewing incentive and bonus schemes to ensure continued alignment to the enhancement of shareholder value.
- Approving the award of share incentives for equity and cash settled schemes.
- Setting the performance targets for the incentive and bonus schemes.
- 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 are subject to non-binding advisory votes by shareholders at the AGM 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 are not adopted by a vote of at least 75%, the committee shall follow a shareholder engagement process and take proactive measures to address shareholders' concerns.

### 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 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 revenue growth, merchandise sales growth, net profit before taxation and headline 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 87.

The sustainability of the Group's business is critical in determining remuneration therefore, performance targets are designed to discourage undue risk taking by the executives.

The bonus conditions are:

- Below 90% of target results, no bonus would accrue;
- Between 90% and 100% of target, 50% of the bonus amount increasing *pro rata* to 100% of the bonus amount at 100% of target;
- In the event of target results being exceeded by 6%, the bonus amount would double. Any result between target and 106% would result in a *pro rata* increase in the bonus amount; and
- In the event of target results being exceeded by 10%, the committee have the discretion to increase the bonus of an executive director to a maximum of 150% of cash salary.

The achievement of performance targets is reviewed by the 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.

### Annual cash-based performance bonus for executive directors and senior management

Percentage of annual cash salary for performance bonus	Below threshold (<90% of target)	Between 90% and 100% of target	Between 100% and 106% of target	Maximum (>110% of target)
CEO, CFO and executive directors	0%	25% increasing <i>pro rata</i> to 50%	50% increasing <i>pro rata</i> to 100%	100% increasing <i>pro rata</i> to 150%
Senior management	0%	12.5% to 17.5% increasing <i>pro rata</i> to 25% to 35%	25% to 35% increasing <i>pro rata</i> to 50% to 70%	-

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

Share incentive schemes are aimed at motivating the executive directors and senior management 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 equity-settled share schemes are operated through the Lewis Employee Share Incentive Scheme Trust specifically for this purpose. 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.

The Group also adopted a cash settled scheme in May 2019 which mirrors many of the terms and conditions of the equity-settled schemes operated through the Lewis Employee Share Incentive Scheme Trust. The main difference is that, instead of delivery of shares, the value of shares is paid in cash.

Participation in both the equity and cash-settled schemes is at the discretion of the 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 usually made annually in June. Special awards can be made when the committee deems it appropriate.

Incentive awards to the management group are split into two groups, those participating in the equity-settled schemes and the remainder in the cash-settled scheme. This will limit shareholder dilution.

## Lewis Executive Retention Scheme (LERS)

The first awards under the LERS were made on 30 June 2015. Currently, awards made under this scheme on 30 June 2018 and 30 June 2019 were still outstanding as at 31 March 2021.

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, where after the registered ownership of the shares is transferred to the executive. These invested shares are exposed to normal market fluctuations like any other shareholder.

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 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 400 000 shares over the lifetime of the LERS.

## Lewis 2019 executive Retention Scheme (2019 LERS)

The first awards were made on 28 August 2020. Currently, awards under this scheme were made on 28 August 2020 and 9 June 2021.

The terms of the scheme are substantively the same as the LERS above except for the following changes:

- The percentage of the cash-based performance bonus that can be invested in the scheme is at the discretion of the Remuneration committee with the minimum percentage being 25% and the maximum percentage is 100%.
- The Group is entitled to a clawback of shares through the repurchase and cancellation of shares held by the participant and/or an equivalent in money where shares have not been repurchased and cancelled where the executive:

- is dismissed for misconduct involving fraud, misrepresentation and/or dishonesty and failure to materially perform their duties; and
- where the executive is accused of serious misconduct that would warrant dismissal, he or she resigns from his/her employment prior to the outcome of the disciplinary proceedings.

The company will utilise a maximum of 1.5 million shares for purposes of the 2019 LERS, irrespective of the source of those shares. The maximum number of shares that can be awarded to an individual executive is 600 000 shares over the lifetime of the 2019 LERS.

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

This scheme was approved by shareholders at the AGM held on 24 June 2015. Currently, short-term awards made under this scheme on 30 June 2018 were still outstanding as at 31 March 2021.

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.
  - 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 or such later date as the committee may determine if extraordinary circumstances exist, as determined by the committee.

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 criteria 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
  - pre tax return on average capital employed
  - pre 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 has 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.

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 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.

## Lewis Cash Settled Long-Term and Short-Term Executive Performance Plan (CSLSP)

The committee has approved a new incentive scheme which will operate on the same basis as the LSPS described above, except that it will be a cash settled scheme. The only difference between the CSLSP and the LSPS schemes is that under the CSLSP scheme, no shares are delivered, but the value of shares at date of vesting will be paid in cash. All other terms and the performance targets in the CSLSP scheme are the same as that of the LSPS.

The first awards were made on 30 June 2019.

The Group will voluntarily disclose the number of notional shares issued under the scheme to provide equivalent disclosure required for equity settled schemes.

## Lewis 2019 Executive Performance Scheme (2019 LSPS)

This scheme was approved at the AGM held on 25 October 2019. Awards under this scheme were made on 28 August 2020 and 9 June 2021.

The terms of the scheme are substantively the same as the LSPS above except for the following changes:

- The Group is entitled to a clawback of shares through the repurchase and cancellation of shares held by the participant and/or an equivalent in money where shares have not been repurchased and cancelled where the executive:
  - is dismissed for misconduct involving fraud, misrepresentation and/or dishonesty and failure to materially perform his/her duties; and
  - where the executive is accused of serious misconduct that would warrant dismissal, he/she resigns from his/her employment prior to the outcome of the disciplinary proceedings
- the scheme allows for a vesting at certain percentages where the performance target has not been met. The table below sets out the percentages:

Equal or greater than 100% of target	100% vested
97.5% to 100% of target	25% vested
95% to 97.5% of target	10% vested
Less than 95% of target	No vesting

The company will utilise a maximum of 2.25 million shares for purposes of the 2019 LSPS, irrespective of the source of those shares. The maximum number of shares that can be awarded to an individual executive is 850 000 shares over the lifetime of the 2019 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 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 in each of the countries in which it operates. 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 above a prescribed threshold. 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, with the exception of Adheera Bodasing who provides certain consulting services to Lewis Stores (Pty) Limited through Polarity Consulting. These consulting fees are not material to either Lewis or Polarity Consulting.

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



## Implementation Report 2021

### Approvals granted by shareholders

The Group's Remuneration Policy and Implementation Report was proposed to shareholders for a non-binding advisory vote at the AGM on 25 October 2020. The Remuneration Policy was endorsed by shareholders and received 93% of the votes while the Implementation Report received 56% support as set out below.

Resolution	Votes for (%)		Votes against (%)		Abstentions (%)	
	2020	2019	2020	2019	2020	2019
Approval of the company's Remuneration Policy	93.0	79.9	5.9	20.1	1.1	0
Approval of the company's Implementation Report	56.0	82.9	42.9	17.1	1.1	0

In accordance with the recommendations of the King IV Report on Corporate Governance for South Africa, 2016 and paragraph 3.84(j) of the JSE Limited Listings Requirements, dissenting shareholders were invited to participate in an engagement process through the SENS published on 23 October 2020. The engagement process was held on 16 November 2020. The number of participants was less than 1% of the shareholders, both in terms of number of shareholders and shares held. Shareholders also approved the fees payable to non-executive directors for the 2021 financial year by a vote of 95.8%.

### Annual salary increase

The average annual staff increase, excluding unionised staff, was 4% for April 2021 (2020:4%). Increases for senior management and executives were merit-based and averaged 6% in April 2021 and 4% in April 2020. Increases as a result of promotions were excluded from these averages.

### Annual cash-based performance bonus scheme

The committee approved a net profit before taxation target of R347.1 million for the 2021 financial year. The Group achieved R604.4 million or 174% of target and executive directors and senior management qualified for cash bonuses of between 50% and 150% of annual cash salary.

For the 2020 financial year, the Remuneration committee agreed that the Covid-19 adjustments be excluded from the 2020 profit before tax for calculating the bonus subject to the stipulation that the maximum bonus for 2020 that an executive could be awarded was 65% of cash salary, despite this being only 43.3% of the maximum amount that could have been achieved for if the Covid-19 lockdown had not occurred.

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## 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.

Year	Vesting date	Average share price of award	Total shares purchased for executives	Total matching share awards
2019 Awards	30/06/2022	R33.03	243 864	442 805
2018 Awards	30/06/2021	R29.99	239 996	435 581
2017 Awards	–	–	–	–
2016 Awards	–	–	–	–
2015 Original award <sup>(*)</sup>	30/06/2018	R98.88	65 660	111 294

<sup>(\*)</sup> The 2015 matching share awards vested on 30 June 2018 at an average price of R31.11.

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.

The movement in the outstanding shares under this scheme for the respective financial years (ie from 1 April to 31 March) is as follows:

	Lewis Executive Retention Scheme
<b>2021</b>	
Beginning of year	887 688
Granted	–
Forfeited	(9 302)
Vested	–
End of year	878 386
Maximum awards available over the life of the scheme	1 000 000
Utilised for the scheme to date	989 680
Invested shares	483 860
<b>2020</b>	
Beginning of year	439 308
Granted	448 380
Forfeited	–
Vested	–
End of year	887 688
Maximum awards available over the life of the scheme	1 000 000
Utilised for the scheme to date	998 982
Invested shares	489 348

## Lewis 2019 Executive Retention Scheme

This scheme was approved at the general meeting on 25 October 2019. This scheme is similar to that of the Lewis Executive Retention Scheme with amendments dealing with a clawback of shares provision in the case of fraud, dishonesty, misrepresentation and failure materially to perform their duties and an amendment which allows the committee to set the percentage of the bonus to be invested. The details of the outstanding awards as at 9 June 2021 are reflected below:

	June 2021 Awards	August 2020 Awards
Vesting date	9/6/2024	28/8/2023
Average share price of award	R33.60	R17.17
Total shares purchased for executives	266 979	161 245
Total matching share awards	485 417	292 241

## 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 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 90.

For the 2021 financial year, all the targets for the respective measures were met as set out below.

2021 Targets	2021 Target	2021 Actual	2021 Award
Headline earnings per share	315.9 cents	616.5 cents	Achieved
Quality of the debtors book			
– Level of satisfactory paid customers	≥ 67.0%	74.4%	Achieved
– Debtor costs as percentage of net debtors	≤ 15.0%	14.3%	Achieved
Gross margin	≥ 40.0%	41.8%	Achieved

With respect to the 2020 targets, these were impacted by the Covid-19 lockdown and subsequent restrictions and the Remuneration committee amended the performance targets as allowed in clause 4.11 of the scheme rules.

2020 Targets	2020 Target	2020 Actual	2020 Adjusted	2020 Award
Headline earnings per share	404.2 cents	260.2 cents	544.4 cents	Achieved
Quality of the debtors book				
– Level of satisfactory paid customers	≥ 70.0%	70.5%	70.5%	Achieved
– Debtor costs as percentage of net debtors	≤ 14.0%	17.6%	12.1%	Achieved
Gross margin	≥ 40.0%	41.0%	41.0%	Achieved

The Remuneration committee approved the vesting of these awards based on the achievement of the following targets as originally set:

2019 Targets	2019 Target	2019 Actual	2019 Award
Headline earnings per share	318.3 cents	367.4 cents	Achieved
Quality of the debtors book			
– Level of satisfactory paid customers	≥ 67.0%	71.4%	Achieved
– Debtor costs as percentage of net debtors	≤ 19.9%	13.3%	Achieved
Gross margin	≥ 40.0%	41.2%	Achieved

2018 Targets	2018 Target	2018 Actual	2018 Award
Headline earnings per share	264.4 cents	302.6 cents	Achieved
Quality of the debtors book			
– Level of satisfactory paid customers	≥ 67.0%	68.4%	Achieved
– Debtor costs as percentage of net debtors	≤ 19.9%	17.5%	Achieved
Gross margin	≥ 38.0%	41.4%	Achieved

2017 Targets	2017 Target	2017 Actual	2017 Award
Headline earnings per share	608.0 cents	400.1 cents	Not achieved
Quality of the debtors book			
– Level of satisfactory paid customers	≥ 68.8%	68.5%	Not achieved
– Debtor costs as percentage of net debtors	≤ 17.1%	19.1%	Not achieved
Gross margin	≥ 39.1%	41.6%	Achieved

# REMUNERATION REPORT CONTINUED

Below are the outstanding shares under this scheme as at 31 March 2021, detailed per each award:

## Lewis Long-Term and Short-Term Executive Performance Scheme

	2015 Share award	2016 Share award	2017 Share award	2018 Share award	Total Share awards
Share price at award date	<b>R99.45</b>	<b>R45.95</b>	<b>R32.57</b>	<b>R30.55</b>	
	Number of shares	Number of shares	Number of shares	Number of shares	
Three year awards	203 660	900 058	1 570 988	1 133 581	3 808 287
Total forfeitures-staff leaving	(32 736)	(147 446)	(147 672)	(80 522)	(408 376)
Total forfeitures - non-performance	(91 770)	(223 729)	-	-	(315 499)
Shares vested	(79 154)	(528 883)	(1 423 316)	-	(2 031 353)
Shares remaining - 31 March 2021	-	-	-	1 053 059	1 053 059

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

Long-term awards were awarded on 30 June 2015. These awards vested on 30 June 2018 and 30 June 2019 respectively with only 10% of the award vesting for those participants in the employ of the Group at the vesting dates. No further long-term awards were made.

## Lewis Cash Settled Long-Term and Short-Term Executive Performance Scheme

As noted above, this scheme operates on the same basis as the LSPS described above, except that it will be a cash settled scheme. The only difference between the CSLSP and the LSPS schemes is that under the CSLSP scheme, no shares are delivered, but the value of shares at date of vesting will be paid in cash. All other terms and the performance targets in the CSLSP scheme are the same as that of the LSPS.

Below is a table setting out the movements for 2021 and 2020 financial years (ie. from 1 April to 31 March):

## Lewis Cash Settled Long-Term and Short-Term Executive Performance Plan - Notional Shares

Number of shares	2021	2020
Beginning of year	1 157 435	-
Granted	1 037 873	1 200 299
Forfeited	(12 770)	(42 864)
Vested	-	-
End of year	2 182 538	1 157 435
30 June 2019 - three year award	1 144 665	1 157 435
28 August 2020 - three year award	1 037 873	

On 9 June 2021, awards under the CSLSP were made to selected executives. The outstanding awards under this scheme as at 9 June 2021 are as follows:

Year	Vesting date	Average share price of award	Total outstanding award shares
June 2021 awards	9/6/2024	R33.44	529 439
August 2020 awards	28/8/2023	R14.90	1 037 873
June 2019 awards	30/6/2022	R33.38	1 144 665

## Lewis 2019 Executive Performance Scheme

This scheme was adopted at the 2020 AGM. The terms of the scheme which are substantively the same as the LSPS above except for amending the scheme for a clawback of shares provision in the case of fraud, dishonesty, misrepresentation and failure to materially perform their duties and for providing for vesting at certain percentages where the performance target has not been met (95% to 100% of target). Full details of the scheme are provided on page 84.

The Remuneration committee approved the granting of the first awards under this scheme on 28 August 2020. The following awards are outstanding as at 9 June 2021:

## Lewis 2019 Executive Performance Scheme

Summary of three year awards as at 9 June 2021	2020 Share award	2021 Share award	Total share awards
Share price at award date	<b>R14.90</b>	<b>R33.44</b>	-
	Number of shares	Number of shares	
Three year awards	1 148 374	549 496	1 697 870
Total forfeitures-staff leaving	-	-	-
Total forfeitures - non-performance	-	-	-
Shares vested	-	-	-
Shares awards - 9 June 2021	1 148 374	549 496	1 697 870

## Summary of all equity-settled awards as at 31 March 2021

	Lewis 2019 Executive Retention Scheme	Lewis 2019 Executive Performance Scheme
<b>2021</b>		
Beginning of year	-	-
Granted	292 241	1 148 374
Forfeited	-	-
Vested	-	-
End of year	292 241	1 148 374
Maximum awards available over the life of the scheme	1 500 000	2 250 000
Utilised for the scheme to date	292 241	1 148 374
Invested shares	161 245	-

	Lewis Executive Retention Scheme	Lewis Long-Term and Short-Term Executive Performance
<b>2021</b>		
Beginning of year	887 688	3 266 973
Granted	-	-
Forfeited	(9 302)	(205 262)
Vested	-	(571 383)
End of year	878 386	2 490 328
Maximum awards available over the life of the scheme	1 000 000	3 500 000
Utilised for the scheme to date	989 680	3 391 127
Invested shares	483 860	-

# REMUNERATION REPORT CONTINUED

## Executive directors' remuneration disclosure per financial year

Lewis Group Limited Executive director's remuneration	Number of shares	Share price Rand	J Enslin (CEO)		J Bestbier (CFO)	
			2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>Cash remuneration</b>						
Total Guaranteed Pay			5 241	5 000	3 120	3 000
Cash Performance Bonus			2 698	5 756	1 681	3 491
Total GP and CPB			7 939	10 756	4 801	6 491
<b>Share awards</b>						
<b>LERS - matching award</b>						
- Face value of award	-	-	-	-	-	-
- Share price performance	-	-	-	-	-	-
<b>Add: LSPS - three-year award</b>			2 731	3 506	1 482	756
- Face value of award	219 498	32.57	7 149	6 892	3 879	1 485
- Performance criteria			-	(2 235)	-	(482)
- Share price performance	219 498	(20.13)	(4 418)	(1 151)	(2 397)	(248)
<b>Add: LSPS - four-year award</b>			-	200	-	50
- Face value of award				5 933		1 483
- Performance criteria				(5 339)		(1 335)
- Share price performance				(393)		(98)
<b>Total share awards</b>			2 731	3 707	1 482	806
<b>Total earned remuneration</b>			10 670	14 463	6 283	7 297

## Outstanding shares for Lewis Group Executive Directors as at 9 June 2021

Outstanding share awards for executive directors Equity-settled schemes	Share price	Vesting date	J Bestbier	J Enslin
<b>Lewis Short-Term and Long-Term Executive Performance Scheme</b>				
30 June 2018 - Short-term award	R30.55	30 June 2021	114 284	188 397
<b>Lewis 2019 Executive Performance Scheme</b>				
28 August 2020 - Short-term award	R14.90	28 August 2023	270 771	438 977
9 June 2021 - Short-term award	R33.44	9 June 2024	128 769	210 794
<b>Lewis Executive Retention Scheme</b>				
30 June 2018	29.99	30 June 2021	48 493	119 154
30 June 2019	R33.03	30 June 2022	70 256	115 816
<b>Lewis 2019 Executive Retention Scheme</b>				
28 August 2020	R17.17	28 August 2023	63 635	102 147
9 June 2021	R33.60	9 June 2024	78 047	126 533
			774 255	1 301 818

	Invested shares	
	J Bestbier	J Enslin
Lewis Executive Retention Scheme	65 315	129 240
Lewis 2019 Executive Retention Scheme	77 925	125 774
As at 9 June 2021	143 240	255 014

Outstanding notional shares - Cash-settled schemes	Share price	Vesting date	J Bestbier	J Enslin
<b>Lewis Cash-Settled Short-Term and Long-Term Executive Performance Scheme - New Scheme</b>				
30 June 2019	R33.38	30 June 2022	116 217	187 347

## Non-executive directors' remuneration disclosure per financial year

	Directors' fees R'000	Audit committee member R'000	Risk committee member R'000	Remuneration committee member R'000	Nomination committee member R'000	Social, ethics and transformation committee member R'000	Monarch Director's fees R'000	Monarch Audit and risk committee member R'000	Total Non-executive director's fees R'000
<b>2021</b>									
Hilton Saven	644	133	93	73	102	73	245	76	1 439
Fatima Abrahams	311	133	93	149	43	149	179	76	1 133
Adheera Bodasing	310	133	93	73	43				652
Daphne Motsepe	311	133	93	73	43	73			726
Tapiwa Njikizana	265	133	93	73	43				607
Alan Smart*							16	5	21
Duncan Westcott	310	310	150	73	43		179	154	1 219
<b>Total</b>	<b>2 151</b>	<b>975</b>	<b>615</b>	<b>514</b>	<b>317</b>	<b>295</b>	<b>619</b>	<b>311</b>	<b>5 797</b>
<b>2020</b>									
Hilton Saven	611	128	90	71	99	71	172	73	1 315
Fatima Abrahams	293	128	90	144	42	144	172	73	1 085
Adheera Bodasing	293	128	90	71	42				623
Daphne Motsepe	293	128	90	71	42	71			694
Tapiwa Njikizana	186	81	57	45	26	45			440
Alan Smart	293	128	90	71	42	71	245	73	1 012
Duncan Westcott	293	299	144	71	42		172	148	1 168
<b>Total</b>	<b>2 261</b>	<b>1 018</b>	<b>652</b>	<b>544</b>	<b>332</b>	<b>402</b>	<b>761</b>	<b>367</b>	<b>6 337</b>

\* Retired 2 April 2020.

## Proposed non-executive director fees for 2022

Board/committee position	% Increase	Proposed fees for 2022 R'000	Fees earned for 2021 R'000
Non-executive chairman	5.4	680	645
Non-executive director	5.2	325	309
Audit committee chairman	6.3	335	315
Audit committee member/invitee	5.9	143	135
Risk committee chairman	5.3	160	152
Risk committee member	5.3	100	95
Remuneration committee chairman	5.3	160	152
Remuneration committee member	5.3	79	75
Nomination committee chairman	5.8	110	104
Nomination committee member	6.8	47	44
Social, ethics and transformation committee chairman	5.3	160	152
Social, ethics and transformation committee member	5.3	79	75

## Directors' shareholding as at 31 March

At 31 March 2021, the directors' beneficial direct and indirect interest in the company's issued shares was as follows:

Director	2021		2020	
	Direct	Indirect	Direct	Indirect
Hilton Saven		6 440		6 440
Jacques Bestbier	120 255	100 314	1 148	65 315
Johan Enslin	425 536	185 421	206 038	129 240
Alan Smart			319 070	
<b>Total</b>	<b>545 791</b>	<b>292 175</b>	<b>526 256</b>	<b>200 995</b>