

## REMUNERATION AND NOMINATIONS COMMITTEE

### MEMBERS

Dr Kgaogelo Ntshwana (Chairperson)  
Dinao Lerutla  
John Oliphant

The Remuneration and Nominations Committee comprises three Non-Executive Directors, the majority of whom are independent and is chaired by an Independent Non-Executive Director.

The role of the Remuneration and Nominations Committee has been codified in the Remuneration and Nominations Committee Charter approved by the Board. This Charter is aligned with the requirements of King IV, the Companies Act and the JSE Listings Requirements.

The Company has a small payroll; therefore, all reference to 'employees' refers to current and future employees of the Company.

The Remuneration and Nominations Committee has been established by the Board to:

- Assist the Board in determining and administering the Remuneration Policy;
- Approve the remuneration of all the Executives;
- Oversee incentivisation of all employees;
- Consider any other matters relevant to remuneration of the Executive Directors and staff;
- Identify suitable Board candidates to fill vacancies on the Board and sub-committees;
- Ensure that there is a succession plan in place for key management and members of the Board; and
- Assess the independence of Non-Executive Directors and the composition of the Board Sub-Committees.

The Remuneration and Nominations Committee met twice during the financial year as ended 28 February 2023.

### DIRECTORS' INDEPENDENCE EVALUATION

In the 2021 financial year, the Board, with the assistance of the Remuneration and Nominations Committee, undertook an evaluation of the Non-Executive Directors' independence. Through the analysis conducted, which is reflected in the King Code and Corporate Governance Report, the Board was able to classify five Directors as independent and two Directors as non-independent.

### SUB-COMMITTEE REVIEW

The Remuneration and Nominations Committee reviewed the Board sub-committees composition based on skills, gender and race diversity. In light of the intended resignation of Ms Nkadameng, the Committee has acknowledged that in the selection of a suitable board replacement, it will consider the skills and experience required as well as gender and race representation in keeping with the Company's Gender and Race Diversity Policy.

### REMUNERATION POLICY REVIEW

The Policy is based on current board remuneration practices in the market and the realisation of a benchmark study of similar size organisations in the financial services sector. The revised Remuneration Policy provides the approach and necessary guidelines on the remuneration of services rendered to the Board by its members.

The methodology used included the following:

- Study of the annual reports;
- Remuneration practices of the Company;
- Frequency of meetings;
- Skills levels of board members (ascertained through discussions with management);
- Size of the Company; and
- The Company's previous Remuneration Policy document.

No further amendments were made to the Remuneration Policy during the current financial year.

### PERFORMANCE MATRIX FOR NON-EXECUTIVE DIRECTORS

The Remuneration and Nominations Committee through the ManCo assisted in overseeing the performance matrix for Non-Executive Directors. Non-Executive Directors were rated during the current year on their performance, which ratings are reflected on the Remuneration Implementation Report below.

## RH BOPHELO REMUNERATION POLICY EXTRACTS

### BOARD REMUNERATION

1. Board members will be remunerated in the form of meeting fees per meeting attended, as well as an annual retainer fee paid quarterly. Meeting fees incorporate meeting preparation, research and post-meeting follow-up (collectively "pre-meeting preparation"), as well as the length of the meeting itself, based on an estimate of the total time required. The meeting fees payable to Boards are as stated in the Financial Statements of the Company.
2. If a Board member is requested by the Board to form part of a task team or attend a Strategic Planning Session of the Board, they will be remunerated at the rate of a Board meeting fee for each sitting of the Committee, irrespective of the actual number of days of the session.
3. Board members who are not formal members of a specific committee shall be remunerated for attending such a committee meeting if the Chairperson of that Committee has formally invited the Board member to attend or if the Chairperson of the Committee on which the Board is serving formally requests the Board to represent the Committee. The Board Member's attendance is remunerated at an hourly rate in accordance with the relevant agenda item.
4. If a Board member who is not a committee member of a specific meeting attends a meeting, without a formal invitation, in that case, no remuneration or subsistence or travel claim will be processed in favour of that Board

member.

5. A Board member is expected to attend at least three-quarters of a meeting; otherwise, the meeting fee for that meeting shall not be paid.

## RETAINER FEE

### Principles of the Retainer Fee

The following principles for the payment of a retainer fee should be followed:

1. Retainer fees will be paid to Board members, Chairpersons of Board committees and the Chairperson of the Board.
2. The annual retainer fee will be paid quarterly to RHB Board members.

### General provisions

1. The Board remuneration is benchmarked to the 2<sup>nd</sup> percentile.
2. The Chairman of the Board shall not be a chairman of any other committee of the Board.
3. No fees, remuneration or incentives shall be paid to Executives who sit on the RH Bophelo committees in an ex-officio capacity.
4. To determine the remuneration benchmark for Board members, the following principles shall be applied:
  - RH Bophelo's remuneration calculated according to the median fee of a Non-Executive of an equivalent group of a JSE small size listed company at a turnover and asset size comparable to that of RH Bophelo. The parameter of the comparator JSE Company shall be R600m to R1,2bn asset value.
5. Board members will not be remunerated for non-attendance of meetings.
6. Where a Board member attends a meeting where there is no quorum, the attendees of the meeting will be remunerated as per the meeting fee applicable, i.e., as if there were a quorum.
7. If a Board member is appointed to sit on a Board or any other such structure on behalf of the Board and qualifies for remuneration in terms of that Board or structure's Remuneration Policy, then such a person may elect to be remunerated either in terms of RH Bophelo's Board's Remuneration Policy or in terms of the Policy of that Board or structure. The election of preferred remuneration would be applicable for the entire term of the person's appointment to that Board or structure.
8. Board fees and retainers may not be escalated at an amount greater than an average increase offered to Executives and employees.
9. The Board and Remuneration and Nominations Committee shall recalibrate Board fees every second year to ensure relevance.
10. Board and committee assessments should be performed regularly to assess the individual Board member's contributions.
11. There should be control and regular review of the number of committees on which Board members serve to ensure that they have the ability and capacity to discharge their duties effectively.
12. The CEO will submit a written report regarding all payments made to all Board members to the Board on an annual basis.

### Limitations and conditions

1. The Company's rules will take precedence in the event of any apparent conflict or dispute in respect of the interpretation of this Policy.
2. The remuneration of Board members in terms of this Policy specifically excludes travel, accommodation and other authorised reasonable expenses incurred by Board members as provided in the RH Bophelo Travel Policy.

## REMUNERATION IMPLEMENTATION REPORT

### BACKGROUND

The ManCo employs RH Bophelo's Executive Committee. A management contract has been entered into between RH Bophelo and RH Bophelo Management Company Proprietary Limited (ManCo). RH Bophelo's Remuneration Policy guides the ManCo on best practice principles to be applied.

The management agreement discharges all staffing obligations from RH Bophelo to the ManCo. The ManCo has developed a Remuneration Policy for Executive Directors and staff and a Performance Scorecard Matrix with Key Performance Indicators (KPIs) to measure the performance of executives and staff.

## NON-EXECUTIVE DIRECTORS REMUNERATION

Non-Executive Directors' fees reflect the Directors' role and membership on the Board and its sub-committees. The Non-Executive Directors do not have an employment contract with the Company.

The fees for Non-Executive Directors are based on proposals from the Board of Directors and the Remuneration and Nominations Committee, which are submitted to shareholders for approval in accordance with the Companies Act. The fees for Non-Executive Directors are annually reviewed by the Board and the Remuneration and Nominations Committee. Increases are based on inflation, and the Committee utilises benchmark studies on similar-sized investment holding companies.

The fees paid to Non-Executive Directors comprises a monthly retainer fee and a per meeting attendance fee. With the assistance of an external consultant, the Remuneration and Nominations Committee completed a review against the industry market for Director's remuneration. The fees proposed for Non-Executive Directors are in line with similar sized companies listed on the JSE.

At the upcoming AGM on 11 August 2023, we will be asking Shareholders to approve the following fees to be payable to Non-executive Directors:

	FEE PER MEETING ATTENDANCE (R)
Board meeting	10 000
Board Chairperson	20 000
Investment Committee meetings (including Chairperson)	10 000
Audit and Risk Committee meetings	10 000
Audit and Risk Committee Chairperson	15 000
Social and Ethics Committee meetings (including Chairperson)	10 000
Remuneration and Nominations Committee meetings (including Chairperson)	10 000
	Retainer (R)
Payable monthly to Board member	10 000

Non-Executive Director's fees for the current financial year have remained unchanged.

## EXECUTIVE DIRECTORS REMUNERATION

### REMUNERATION PRINCIPLES

1. Remuneration is aimed at being competitive in the appropriate market. It is standard practice to reward employees between the market 25<sup>th</sup> and 75<sup>th</sup> percentiles while aiming to reward acceptable performers at the 50<sup>th</sup> percentile.
2. Rewarding management gives due consideration to internal equity and allows for a reasonable level of differentiation, i.e., rewarding high performers at the 75<sup>th</sup> percentile of the market and the developing of newly promoted employees at the market 25<sup>th</sup> percentile. Where employees are paid outside the salary range of the 25<sup>th</sup> and 75<sup>th</sup> percentile, future increments shall be treated as a cost-of-living allowance until the employee falls within the band.
3. The ManCo considers the individual employee's merit and performance in determining employee salary levels and salary increases.
4. Remuneration is reviewed and benchmarked regularly through independent external professional service providers to maintain external competitiveness of reward and address any possible pay anomalies.
5. In setting remuneration levels, consideration is given to the following:
  - The position, including job size and internal relativities (job grade);
  - The competencies that the person brings to the role;
  - The ManCo's capacity to pay; and
  - The relevant market comparisons.

### PAY PREMIUMS

The ManCo will pay a premium where appropriate. A premium is not guaranteed and its payment will take into consideration several factors, such as:

1. The market for the job (position/scarcity premium);
2. The skills and experience of the person (person-specific/skill/competency premium); and
3. Role-specific premium in case of blended/dual responsibilities.

### MARKET PREMIUM

**A market premium may be applicable where:**

1. There have been sustained and significant market pressures in recruitment and retention evidenced through supporting data;
2. In consideration of current practice in competing organisations in relation to premiums, e.g., salary surveys

- or discipline, occupational group or industry segment in the general market; and
- 3. There has been a high turnover of staff in a particular area due to a lack of competitive remuneration.

### PERSON SPECIFIC (SKILLS/COMPETENCY) PREMIUM

**A person specific premium may be applicable where:**

1. The staff member's contribution is critically important to the achievement of the organisation's strategic objectives;
  - The staff member adds exceptional value to the organisation and, if lost, would have a detrimental impact on the organisation;
  - The staff member has a critical skill set that, if lost, would be detrimental to the organisation. Plans for the transfer of critical knowledge and skills will need to be put in place.

### ROLE SPECIFIC PREMIUM

**A role-specific premium may be applicable where:**

The position requires substantial additional duties above the current level of the individual's classification.

### REMUNERATION COMPONENTS

The ManCo adopts a total cost-to-company package. Remuneration refers to all forms of financial returns and tangible services and benefits staff members receive as part of an employment relationship.

### Total guaranteed package:

The total guaranteed package comprises the basic salary of employees or Executive Management, including all benefits such as pension, medical aid and insurance. The total guaranteed package is payable for fulfilling the expected day-to-day job requirements.

### ANNUAL SHORT-TERM INCENTIVES (STI)

Employees are eligible for an annual STI calculated on total guaranteed remuneration paid at the end of the financial year. If the employee has less than one year's service but more than six months, the annual STI is paid on a pro-rata basis. The annual STI will only be paid to employees who are in the employ of the ManCo at the time the STI is paid.

A short-term incentive of 50% of annual guaranteed earnings for Executive Directors will be paid on the achievement of an on-target performance level. Short-term incentive payments will be capped at a maximum of 80% of guaranteed annual remuneration for the CEO and 60% for other Executive Directors, with a sliding scale between the threshold and the maximum.