



# SANDOWN CAPITAL LIMITED

## Remuneration Policy

**Confidentiality Notification**

This material may not be reproduced or redistributed in whole or in part without the express, prior written consent of Sandown Capital Limited

**Copyright Notification**

Copyright Sandown Capital Limited, 2018

All Rights Reserved

No part of this document may be used, reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the expressed written consent of the copyright holder,

Sandown Capital Limited: Reg No 2000/013674/06

## TABLE OF CONTENTS

1	INTRODUCTION.....	1
1.1	POLICY STATEMENT .....	1
1.2	PURPOSE.....	1
1.3	APPLICABILITY.....	1
1.4	ASKING ADVICE OR RAISING CONCERNS .....	1
1.5	NON-COMPLIANCE AND ESCALATION .....	1
1.6	PENALTIES AND CONSEQUENCES .....	1
1.7	REVIEW .....	1
2.	POLICY PRINCIPLES .....	2
2.1	EXECUTIVE REMUNERATION .....	2
2.1.1	GUARANTEED PAY .....	2
2.1.2	OTHER BENEFITS .....	2
2.1.2.1	SHORT-TERM INCENTIVE.....	2
2.1.2.2	LONG-TERM INCENTIVE .....	3
2.2	NON-EXECUTIVE REMUNERATION .....	3
3.	RESPONSIBILITIES OF THE COMMITTEE .....	3
4.	RESPONSIBILITIES OF OTHER OFFICERS .....	4
5.	DEFINITIONS .....	4

## APPROVAL MATRIX FOR POLICY

<b>Policy:</b>	<b>Remuneration Policy</b>
<b>Company:</b>	Sandown Capital Limited (Registration Number 2000/013674/06)
<b>Review cycle:</b>	Annually on 01 September
<b>Revision No:</b>	0
<b>Next revision date:</b>	01 September 2019

## **1 INTRODUCTION**

### **1.1 Policy Statement**

Sandown Capital Limited (“Sandown Capital” or “Company”) is committed to ensuring that all business is conducted in accordance with good business practice.

The Remuneration Policy of the Company is governed by the requirements of Principle 14 of the King IV Code on Corporate Governance (“King IV”) which has been adopted by the governing body and gives effect to fair, responsible and transparent remuneration throughout the organisation.

The responsibility for the governance of remuneration has been delegated to the Remuneration and Nomination Committee (“the Committee”) on the terms of reference as set out in terms of the Remuneration and Nomination Committee Charter.

### **1.2 Purpose**

The objective of the Committee in relation to remuneration is to have independent oversight of remuneration at the Company and to recommend appropriate remuneration policies and practices for the Company that:

- i. align the interests of all stakeholders to enhance the Company’s performance and long-term financial soundness;
- ii. are structured to assist in attracting and retaining staff; and
- iii. comply with relevant legal and regulatory requirements.

This Policy is designed to align with the Company’s strategic objectives and further to attract and retain highly qualified resources at all levels in the organisation.

### **1.3 Applicability**

This Policy applies to the Company, its business units, divisions, its Board of Directors and its employees.

### **1.4 Asking advice or raising concerns**

If a person to whom this Policy applies, notices something that raises a concern or an ethical question, he/she is encouraged and in certain circumstances obliged to report it. If such a person wishes to report a concern, or if he/she needs advice on what to do or have any questions regarding this Policy, these should be directed to the Board Remuneration and Nomination Committee.

### **1.5 Non-Compliance and Escalation**

Non-compliance with this Policy may represent a risk to the Company. This risk must be identified, documented and considered at the appropriate level. Material issues of non-compliance will be escalated to the Board Audit & Risk Committee, to review and to either accept and manage the risk; or avoid, reduce or transfer specific business risks and risks associated with the non-compliance.

### **1.6 Penalties and Consequences**

If potential non-compliance with this Policy has arisen, the potential violations, breaches or non-compliance of this Policy will be investigated by the Company and/or its agents and must be escalated to the Board Audit & Risk Committee.

Based on the outcome of these investigations, persons who do not comply with the Policy and/or its related procedures, may be subject to remedial, corrective and/or disciplinary measures. These measures include dismissal of an employee or termination of a contractual arrangement.

In addition, a person or entity to whom this Policy applies, may be held personally liable for civil or criminal penalties which include fines, payment of damages and/or imprisonment.

### **1.7 Review**

This Policy shall be reviewed annually, or sooner if regarded as necessary.

## **2. POLICY PRINCIPLES**

Our principles in relation to Remuneration are as follows:

### **2.1 Executive Remuneration**

The remuneration applicable to executive management (including executive directors and senior management) is comprised of two elements as follows:

- Guaranteed pay – a total guaranteed annual Cost-to-Company package;
- Other benefits, which comprise:
  - Short-term incentive; and/or
  - Long-term incentive.

#### **2.1.1 Guaranteed pay**

Executive management are remunerated in terms of their employment contracts that allow for a guaranteed annual Cost-to-Company package.

The Company's remuneration approach to basic employment costs is based on a guaranteed cost to company (CTC) philosophy. The CTC approach allows the Company to provide competitive remuneration based on performance and contribution, while at the same time providing an opportunity to receive a mix of cash and benefits.

CTC comprises:

- Compulsory benefits;
- Cash residue.

The Remuneration Policy aims to remunerate in line with the market in respect of guaranteed pay to ensure that the Company is able to attract and retain talent. Benchmarking is conducted against companies which are comparable in terms of size, market sector and complexity of operations.

To avoid any doubt, it is recorded that the Executive CTC Remuneration comprises all amounts and benefits payable to the Executive by the Company, inclusive of any contributions by the Company to the Provident Fund, Medical Aid Fund, and/or the Group Life and Disability Scheme.

The cash residue is the amount of CTC remaining after deducting the cost of all benefits. Tax is calculated on the cash residue and on certain benefits, as prescribed by the Income Tax Act.

The CTC remuneration of Executive Management will be reviewed on an annual basis in June of every calendar year. Annual increases, are determined with reference to inflation, individual performance and affordability by the Company.

Executive Management will be reimbursed for all reasonable expenses incurred by the Executive in providing the services, provided that the Executive substantiates such expenses to the Company with sufficient documentary proof thereof and the eligibility to recover such expenses has been pre-approved by the Company.

#### **2.1.2 Other benefits**

Other benefits, that do not form part of CTC, comprise short-term incentives, which may comprise performance bonuses; and/or long-term incentives, which may comprise participation in a deferred bonus scheme or share incentive scheme. Incentives are based on targets that are stretching, verifiable and relevant.

##### **2.1.2.1 Short-term incentive**

Executive management are awarded an annual cash bonus that is linked to both individual and company performance.

The awarding of bonuses is discretionary and the Committee ensures that bonuses are only awarded to qualifying employees, if affordable by the Company.

The short-term incentive arrangement for all Executives is determined by the Committee and is subject to approval by the Board.

#### 2.1.2.2 Long-term Incentive

On an annual basis, qualifying permanent Executives may be invited to participate in a long-term share purchase scheme that aligns the interests of Executive Management with the performance of the Company.

The long term incentive may comprise participation in a deferred bonus scheme or share incentive scheme

The long term incentive arrangement for all Executives is determined by the Committee and is subject to approval by the Board.

## 2.2 Non-Executive Remuneration

Non-executive Directors' fees comprise an annual fee in recognition of their ongoing fiduciary duties and responsibilities. Directors who serve on Committees are paid an additional fee for the various Committees of which they are members.

Non-executive directors are subject to annual reviews of their performance and their fees' are benchmarked against companies which are comparable in terms of size, market sector and complexity.

The Committee makes recommendations with regard to Non-Executive Directors' fees, in terms of section 66(9) of the Companies Act, as read with section 65(ii)(h), and subject to the provisions of the Company's Memorandum of Incorporation, for tabling at the Annual General Meeting of the Company.

## 3. RESPONSIBILITIES OF THE COMMITTEE

3.1 The responsibilities and scope of the Committee with regard to the Remuneration Policy are as follows:

3.2 The Committee will:

- i. have independent oversight of remuneration at the Company.
- ii. determine, agree and develop the company's general policy on Executive Management remuneration and Non-Executive Directors remuneration.
- iii. ensure that Directors and Executives are remunerated fairly and responsibly. The Committee considers the mix of fixed remuneration as well as short-term and long-term incentives. Incentives are based on targets that are stretching, verifiable and relevant.
- iv. carry out an annual review of the performance of the Directors. Where deemed necessary, the Committee may contract independent external advisers to assist in this regard.
- v. make recommendations with regard to Non-Executive Directors fees, in terms of section 66(9) of the Companies Act, as read with section 65(11)(h), and subject to the provisions of the Company's Memorandum of Incorporation, for tabling at the Annual General Meeting of the Company. The remuneration of Non-Executive Directors must remain competitive to enable the Company to retain and attract persons of the calibre, appropriate capabilities, skills and experience to make meaningful contributions to the Company.
- vi. recommend to the Board specific remuneration packages for Executive Directors and Executive Management of the Company.
- vii. at least annually review the terms and conditions of remuneration packages for Executive Management.
- viii. review annually the terms and conditions of all Executives' service agreements.
- ix. determine any criteria necessary to measure the performance of Executive Management in discharging their functions and responsibilities to ensure that they are fairly but responsibly rewarded for their individual contributions and performance.
- x. position Executive Management pay levels relative to local and international industry benchmarks such that they are sufficient to attract, retain and motivate Executives of the quality required by the Board.
- xi. ensure that it is informed by the CEO of the Company of relevant information in respect of other group executives and senior managers whose remuneration packages are not determined by the Committee.

- xii. ensure that it remains informed and monitors all share transactions and shareholdings of the Directors of the Company.
- xiii. liaise with the Board in relation to the preparation of the Committee's report to shareholders as required and will consider each year whether the circumstances are such that the annual general meeting of the company should be invited to approve the remuneration policy.
- xiv. play an integral part in succession planning, particularly in respect of the CEO and the executive directors.
- xv. approve the engagement of independent remuneration consultants when obtaining advice on the appropriateness of remuneration packages and other employment conditions.

#### 4. RESPONSIBILITIES OF OTHER OFFICERS

- 4.1 **Directors and employees** are responsible for familiarising themselves and complying with this Policy and any related Procedures and for identifying and disclosing potential and actual non-compliance with this Policy.
- 4.2 The **Internal Audit Function** is responsible for providing appropriate independent assurance of compliance with the Remuneration Policy and any underlying procedures, at planned intervals.
- 4.3 The **Board Audit & Risk Committee**, in relation to any issues of non-compliance or risk associated with this Policy, that are escalated or referred to it, must review and either accept and manage the risk; or avoid, reduce or transfer the risk. Where the risk has been accepted, the Committee must document how the risk has been satisfactorily managed.

#### 5. DEFINITIONS

**"Employees"** means employees of the Company and includes permanent employees, temporary employees, non-permanent employees, contractors and secondees, consultants (excluding external assurance services);

**"Policy"** means this Remuneration Policy;

**"Sandown Capital"** means Sandown Capital Limited.