

LIBSTAR

From our Home  
to Yours

How we  
reward our teams

2021



# Remuneration review

In line with King IV, shareholders will have the opportunity to approve the Group's remuneration policy at the annual general meeting in June 2022.

Refer to the remuneration and nomination chairmen's reviews in the main section of the integrated annual report.

## The approval will focus on:

- A non-binding advisory vote on section 2 of this report.
- A non-binding advisory vote on section 3 of this report (excluding recommended fees for directors).
- The recommended fees for directors (included in section 3 of this report).

If there are 25% or more votes against the approval of the remuneration policy and its implementation, the Group undertakes to do the following:

- Shareholders who voted against the policy and implementation will be consulted to ascertain the nature of their concerns. Amendments will be considered by the remuneration committee.
- An official response will be provided to shareholders that will outline actions to be taken on the issues raised.

During the year we engaged with dissenting shareholders to discuss their concerns.

Our responses are detailed on page 8.

## SECTION

### BACKGROUND STATEMENT

1

Our remuneration policy recognises the relative contribution of each employee to the performance of the Group as a whole. We place a high value on entrepreneurship by adopting remuneration strategies that encourage senior employees to challenge boundaries and to incentivise our people for thinking innovatively.

### THE REMUNERATION AND NOMINATION COMMITTEE

On 25 November 2020, the board resolved to combine the remuneration and nomination committees, in line with market practice and a more efficient governance processes.

The remuneration and nomination committee members have the relevant skills and experience to perform their duties. The members have no business or other relationships that could materially affect their independent judgement. Executive directors are not allowed to participate in discussions regarding their own remuneration and are not entitled to vote at such meetings.

The members of the committee during the year were Sandeep Khanna (chairman for remuneration matters), Wendy Luhabe (member) and JP Landman (chairman for nomination matters).

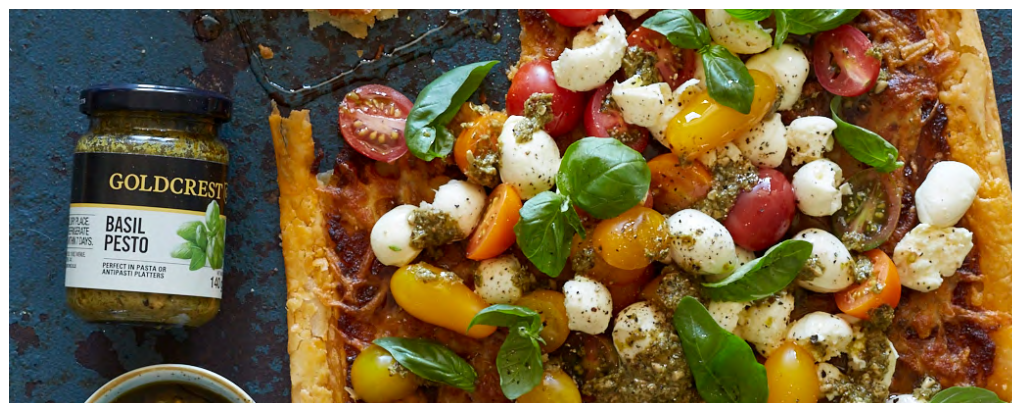
### Committee meetings held during 2021

	6 Apr	21 Jul	23 Nov
Sandeep Khanna (chairman of remuneration matters)	✓	✓	✓
JP Landman (chairman of nomination matters)	✓	✓	✓
Wendy Luhabe	✓	✓	✓
<b>Attending by invitation:</b>			
Chief executive officer	✓	✓	✓
Chief financial officer	✓	✓	✓
Executive director	✓	✓	✓
HR executive	✓	x	✓
HR manager	✓	✓	✓

### ADVICE SOUGHT

Libstar used the services of an external remuneration consultant to advise on and assist with the implementation of the following:

- Best practice in terms of remuneration structuring and variable pay; and
- Proposed changes to the long-term incentive programme.



## SECTION

### OVERVIEW OF REMUNERATION POLICY

2

### REMUNERATION PRINCIPLES

The Group's key remuneration principles are to:

- Ensure that Libstar's approach to remuneration is fair, equitable, transparent and market-related, taking into account both the strategic priorities and performance of the Group;
- Recognise the contribution of employees in the performance of the Group;
- Retain employees and incentivise talent;
- Maintain the value of entrepreneurship by adopting remuneration strategies that encourage senior employees to challenge boundaries; and
- Ensure compliance with legislation and regulations relating to remuneration of employees (including their benefits and incentives) and the reporting thereon.

The remuneration policy is available at <https://www.libstar.co.za/wp-content/uploads/2022/04/Libstar-Remuneration-Policy-2021.pdf>

### REMUNERATION GOVERNANCE

The board is ultimately responsible for the implementation of the remuneration policy. To assist the board in fulfilling its duties, it has appointed and mandated the remuneration and nomination committee.

The committee takes an active role in reviewing the remuneration policy, the remuneration philosophy, strategy and practices to align to industry best practice, as well as to the goals and strategic objectives of the Group.

The remuneration and nomination committee is regulated by specific terms of reference in line with King IV. The composition of the committee is compliant with the JSE Listings Requirements and all statutory requirements. The committee consists of three independent non-executive directors. The chairman of the board serves as a member of the remuneration and nomination committee, but is not the chairman.

Remuneration governance (continued)

**REMUNERATION STRUCTURE**

The remuneration policy covers the following reward elements:

**The responsibilities of the committee are to:**

- Oversee the process for the appointment of directors;
- Make recommendations to the board on the appointment of the chief executive officer, new executives and non-executive directors;
- Ensure that formal succession plans for the board chairperson, chief executive officer, executives, and senior management are in place;
- Make recommendations to the board for the appointment of a lead independent director;
- Ensure that the chairperson and lead independent director's roles and functions are in writing;
- Identify and nominate candidates to fill board vacancies, taking into account the diversity indicators;
- Oversee and approve the board diversity policy;
- Recommend directors who are retiring by rotation at the AGM, for re-election;
- Consult other directors in its evaluation of the chairperson of the board, the chief executive officer and individual director;
- Evaluate the independence of those directors who are classified as independent, including directors who have been on the board for longer than nine years;
- Consider suitable members for appointment and recommendation to the board through a formal process, performing reference and background checks of candidates prior to nomination, and formalising the appointment of directors through a formal letter of appointment;
- Oversee and ensure that the induction and ongoing training and development of directors take place;
- Ensure that a mentorship programme is offered to directors, if required; and
- Implement formal succession plans for the board, the CEO and senior management.

		Who is eligible?	What are the objectives?	How is the pay level set?	
<b>TOTAL REWARD</b>	<b>Total remuneration</b>	<b>Long-term incentives</b> (Share Plan and long-term incentive plan (LTIP))	Executive directors, executive committee members, managing executives of divisions, senior management, other key employees	Rewards individual and company performance, attraction/retention, recognition of individual contribution to business success	Allocation based on total guaranteed pay and/or STI achievement, subject to financial performance
		<b>Short-term incentives</b> (STIs) (annual cash bonus)	Executive directors, executive committee members, managing executives of divisions, senior management, other key employees	Rewards individual and company performance, attraction/retention	Required to achieve at least 90% of Group or business unit EBITDA target
		<b>13th cheque</b> (at levels where applicable)	Employees not participating in STI	Motivation	Guided by employment agreements
		<b>Benefits</b> (pension/provident fund, medical aid, death benefits)	Facilitated by divisions		Linked to market practices
		<b>Allowances</b> (cars, phones)	Where appropriate	Attraction/motivation	Linked to market practices
		<b>Basic</b> (monthly salary, weekly/hourly wage)	All employees		
	<b>Non-financial benefits</b>	<b>Recognition</b>	All employees	Motivation	Linked to market practices
		<b>Personal growth</b>			
		<b>Positive workplace</b>			
		<b>Career progression</b>			

## OUR EXECUTIVE REMUNERATION

Executives are defined as employees from Group CEO level to executives of operating divisions.

### 1 Total Guaranteed Pay (TGP)

Link to business strategy

Attraction/retention of key employees

#### Description

- A TGP approach is followed, which may include items such as car and phone allowances.
- An annual review of TGP is conducted, effective on 1 January each year, taking into account the size and complexity of divisions.
- Increases are considered against factors such as projected annual increases in CPI, company performance and affordability, performance of businesses in the Consumer Packaged Goods sector of the JSE, external market conditions, internal equity and the performance of the individual.

In 2021, executive director salaries were increased by an average of 5.4%.

The company facilitates the following plans:

- Pension and provident funds for permanent employees;
- Insured risk benefits; and
- Medical aid benefits.



### 2 Short-Term Incentives (STIs)

#### Description

The STI is a performance bonus designed to incentivise participants to improve short-term business performance. An employee may qualify for an STI once the earnings before interest, tax, depreciation and amortisation (EBITDA) targets for the year have been achieved. The “on-target” bonus levels as a percentage of annual total guaranteed pay (TGP) are:

- Group CEO – 50%
- Group central office executives and CEOs of divisions – 35%-45%
- Senior management – 20%-35%

The Group must achieve at least 90% of its EBITDA budget before any bonuses become payable. The diagram below indicates the weighting of each component in the final bonus calculation.

STI payments are made in two tranches to obviate a clawback provision in the rules:

- 70% payable in December, based on October business forecasts; and
- 30% payable in the following April based on the audited results.

All STI payments are subject to the discretion of and approval by the remuneration committee and board.

The company is committed to rewarding employees as a way of appreciation for their contribution to the company's success. Employees are granted bonuses at the sole discretion of the company, subject to company performance.

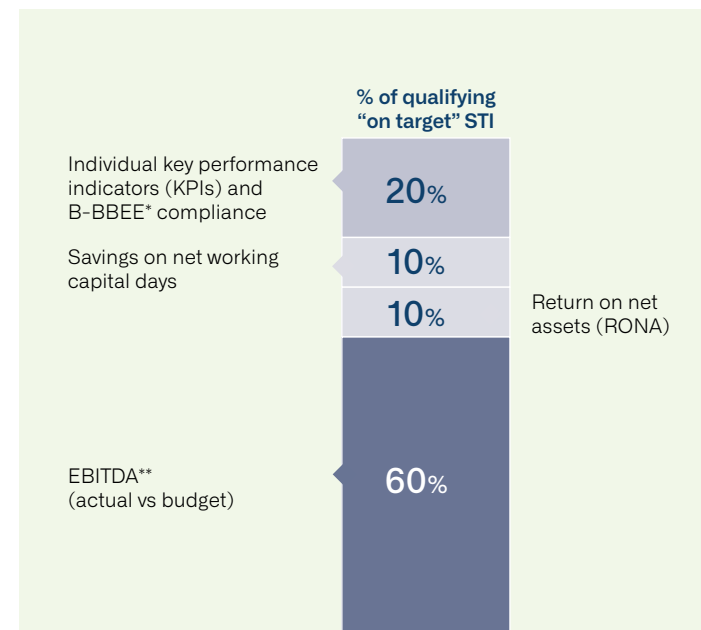
During the year, all bargaining unit employees received bonuses. These varied between divisions.

Not all administration and management level employees participate in the short-term incentive scheme. Employees in administration and management received a bonus where the company performance warranted this.

Link to business strategy

Attraction/retention of key employees

Reward for individual and company performance



**\*\*Shareholders expressed their concern about using EBITDA as the main performance metric in the determination of STIs, as it does not consider a measure relating to the efficiency of capital allocation.**

Libstar considered this feedback and elected to introduce earnings before interest and tax (EBIT) as a performance criterion in 2021 as a step towards alignment in this regard. In 2021, the EBITDA performance measure remained the primary performance criteria, although EBIT was used as a moderating factor in the event of significant deviation between the two metrics at year-end. EBIT will replace EBITDA from 2022.

Our executive remuneration (continued)

### 3 Long-Term Incentives (LTIs)

#### Description

- Prior to the Group's listing, the long-term incentives comprised a share appreciation rights scheme (SARs), based on an unlisted market valuation, with a three-year vesting period that was introduced during 2016. Final awards under the **LTI scheme** were made in 2018.
- The current Libstar Share and Long-Term Incentive Plans were approved by shareholders at the annual general meeting held in May 2019.
  - The **Libstar Group Share Plan (Share Plan)** is offered to key strategic executives. It is settled in shares and focuses on Group performance; and
  - The Libstar Long-Term Incentive Plan (LTIP) is offered to key operational executive and senior management. It is settled in cash and focuses predominantly on operational performance.

Under both plans, executives and senior employees may be offered the following on an annual basis:

- Allocations of share appreciation rights;
- Awards of performance shares/units; and
- Grants of forfeitable shares/units.

**The fundamental difference between the two plans is that the Share Plan will settle in equity (transfer of shares) whereas the LTIP will settle through a cash payment equal to equity value. Both are supported by shares in the company.**

The Group is proposing to update the design of the LTIP scheme in 2022.

#### Link to business strategy

Reward for individual and company performance

Recognition of individual contribution to company success

#### How ROAA vs WACC is calculated

$(\text{Normalised EBIT} - \text{amortisation of customer relationships created during the 2014 restructuring of the Group}) \times (1 - 28\%)$

$\text{Average invested capital}^*$  (current and preceding financial year)

\* (total equity + total debt - cash and cash equivalents - intangible assets and goodwill created during the 2014 restructuring of the Group)

Libstar Group LTIP and Share Plan	Performance shares	Forfeitable shares	Share appreciation rights																								
<b>Eligibility</b>	Executive directors and selected executives		Executive directors, executives, senior managers and selected other managers																								
<b>Grant basis</b>	% of annual TGP	% of STI	% of annual TGP																								
<b>Appreciation basis</b>	Full value		Appreciation only																								
<b>Performance conditions on vesting</b>	<p>TSR<sup>1</sup> versus JSE Consumer Packaged Goods peer group (40%)</p> <table border="1"> <tr> <td>40<sup>th</sup> percentile</td> <td>0% vesting</td> </tr> <tr> <td>Median</td> <td>100% vesting</td> </tr> <tr> <td>Upper quartile (pro rata between 0% to 300%)</td> <td>300% vesting</td> </tr> </table> <p>Libstar's three-year performance (60%)</p> <p>Targeted ROAA<sup>2</sup> versus WACC<sup>3</sup></p> <table border="1"> <tr> <td>Below WACC</td> <td>0% vesting</td> </tr> <tr> <td>WACC</td> <td>75% vesting</td> </tr> <tr> <td>WACC+1%</td> <td>100% vesting</td> </tr> <tr> <td>WACC+5%</td> <td>(pro rata between 100% and 300% vesting)</td> </tr> </table> <p>Libstar group CAGR<sup>4</sup> in normalised headline earnings</p> <table border="1"> <tr> <td>Below CPI</td> <td>0%</td> </tr> <tr> <td>CPI+2%</td> <td>100%</td> </tr> <tr> <td>CPI+4% (pro rata between 0% to 300%)</td> <td>300%</td> </tr> </table>	40 <sup>th</sup> percentile	0% vesting	Median	100% vesting	Upper quartile (pro rata between 0% to 300%)	300% vesting	Below WACC	0% vesting	WACC	75% vesting	WACC+1%	100% vesting	WACC+5%	(pro rata between 100% and 300% vesting)	Below CPI	0%	CPI+2%	100%	CPI+4% (pro rata between 0% to 300%)	300%	Achievement of Libstar Group B-BBEE targets	<p>Achievement of real growth (CPI+2%) in normalised headline earnings</p> <table border="1"> <tr> <td>Below CPI</td> <td>0% vesting</td> </tr> <tr> <td>CPI+2% or greater</td> <td>100% vesting (pro rata between 0% to 100%)</td> </tr> </table>	Below CPI	0% vesting	CPI+2% or greater	100% vesting (pro rata between 0% to 100%)
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Below CPI	0% vesting																										
CPI+2% or greater	100% vesting (pro rata between 0% to 100%)																										
<b>Vesting period</b>	Third anniversary		Third anniversary, with settlement no later than seven years																								
<b>Settlement</b>	<ul style="list-style-type: none"> <li>Group Share Plan: shares issued or acquired in the market</li> <li>LTIP: cash</li> </ul>																										
<b>Termination</b> (unless the board, in its discretion, decides otherwise)	<ul style="list-style-type: none"> <li><b>No fault termination:</b> vests on a pro rata basis to the extent of company performance</li> <li><b>Fault termination:</b> forfeited and cancelled</li> </ul>	<ul style="list-style-type: none"> <li><b>No fault termination:</b> vests in full to the extent of company performance</li> <li><b>Fault termination:</b> forfeited and cancelled</li> </ul>	<ul style="list-style-type: none"> <li><b>No fault termination:</b> vests automatically</li> <li><b>Fault termination:</b> cancelled</li> </ul>																								
<b>Link to business strategy</b>	<ul style="list-style-type: none"> <li>Rewards for individual and company performance</li> <li>Recognition of individual contribution to company success</li> </ul>																										

1. TSR: total shareholder return 2. ROAA: return on adjusted assets 3. WACC: weighted average cost of capital 4. CAGR: compound annual growth rate.

## OFFER METHODOLOGY

1

The rules applicable to the Libstar Group Share Plan and the LTIP provide for allocations, awards and grants in accordance with a methodology and plan determined by the board, in conjunction with the remuneration committee, from time to time.

2

The methodology informs the allocations, awards and grants under the Libstar Share Plan and LTIP. The reward strategy remuneration mix of Libstar is determined with reference to:

- The relationship between guaranteed pay and variable pay; and
- The participation in and balance of the various variable pay structures within Libstar.

3

### Each senior employee's remuneration mix consists of:

- A short-term bonus paid in terms of the STI scheme; and
- The expected future accrual in terms of the Libstar long-term incentive plan in which the senior employee participates, resulting from targeted share and financial performance. These are expressed as a percentage of the senior employee's guaranteed pay at the time of an allocation, award or grant under either the Libstar Group Share Plan or the LTIP.

4

The board has developed an implementation schedule which governs the expected value to be derived from each of the instruments that are offered to participants under the Libstar Group Share Plan and the LTIP. These consider an employee's current status, role and remuneration.

### The implementation schedule will:

1. Translate the long-term component of the reward strategy pay mix into a value apportionment between the three methods of allocation in the Libstar Group Share Plan and the LTIP.
2. Dictate the face value (Rands) of offers to be made. This is expressed as a percentage of a guaranteed short-term incentive bonus.

The face value (Rands) derived from the application of the implementation schedule is converted for each individual into the number of instruments that will be offered to participants by dividing the Rand value by the current price of an ordinary share in the company at the time the offer is made.

The implementation schedule may sometimes be adjusted for future offers based on evolving economic, market, performance or strategic considerations.

### Dilution limit

The maximum number of shares to be acquired by participants under the Libstar Share Plan and any other plan will not exceed 6 820 000 shares. This represented 1.0% of issued share capital at 31 December 2021. The allocation for any participant in terms of the Share Plan and any other plan will not exceed 1 364 000 shares. This represents 0.2% of issued share capital at 31 December 2021.

In the application of the above limits, shares which have been acquired through the market on behalf of participants will not be taken into account. Any shares which are not subsequently issued or transferred to any participant, for example as a result of a forfeiture, shall revert to the Share Plan.



Awards made in 2018 in terms of the former long-term incentive (LTI) plan to 82 employees vested on 1 January 2021. The awards were cancelled by the committee following no appreciation.

### Libstar Group LTIP

The Long-term Incentive Plan (LTIP) was introduced in 2019, to:

- Reward individual and company performance,
- Attract/retain talent, and
- Recognise individual contribution to operating business success.

The existing LTIP architecture includes performance shares, forfeitable shares and share appreciation rights. In the challenging economic climate, the Group is unlikely to achieve the scheme's objectives. Shareholder feedback has been duly considered, especially in relation to the existing scheme's complicated design.

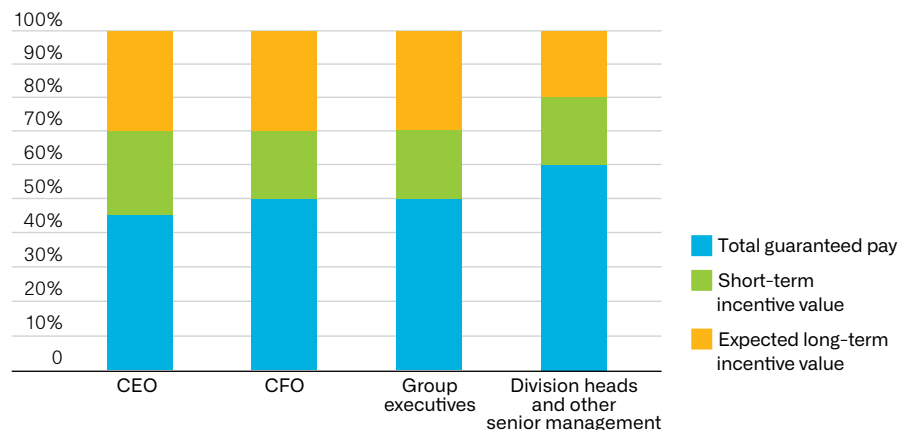
This resulted in a structural review of the LTIP by the committee and management. The new LTIP will be outlined in the 2022 integrated annual report.

## REMUNERATION MIX

Remuneration packages consist of TGP and variable pay. Libstar's variable pay methods include the STI, as well as the LTIP and Libstar Group Share Plan.

The remuneration mix for senior levels places the emphasis on **variable pay**, making it a more "at risk" structure. For employees at more junior levels, the mix is weighted towards guaranteed pay.

Libstar's on-target remuneration mix for the different levels is outlined below. The mix is aligned with market practice and there has been no amendments to the package structure from 2019.



### The potential total remuneration outcomes for executive directors

The variable pay arrangements set out on this page may have various potential outcomes. These outcomes could be from zero (minimum), to the expected level of performance outcomes (on target), to the maximum potential pay outcomes (maximum).

It should be noted that:

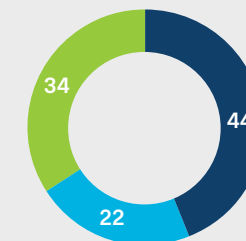
- TGP is as at 31 December 2021.
- The STI component is the cash bonus component, where:
  - "Minimum" equals performance below 90% of EBITDA;
  - "On-target" equals performance at EBITDA budget; and
  - "Stretch" equals performance at 15% above EBITDA budget.
- The LTI component is the face value of the LTIP share appreciation rights allocations, performance share/unit awards and forfeitable share/unit grants, where "stretch" represents full vesting (three times vesting value) of performance shares.



### CEO

Remuneration mix (%)	Minimum	On target	Stretch
TGP	100	44	32
STI	–	22	23
LTI	–	34	45
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### On-target remuneration mix (%)



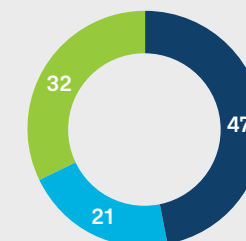
● TGP ● STI ● LTI



### CFO

Remuneration mix (%)	Minimum	On target	Stretch
TGP	100	47	35
STI	–	21	23
LTI	–	32	42
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### On-target remuneration mix (%)



● TGP ● STI ● LTI



## CLAWBACK AND MALUS

The directors of Libstar may, in their absolute discretion, reduce (to nil, if appropriate), lapse, amend or vary any allocation of share appreciation rights, or any award of performance shares or the grant of forfeitable shares under the Share Plan and LTIP, or a portion thereof.

This policy outlines the circumstances under which the board, upon the advice of the remco, may apply its discretion to adjust the value of an unvested award downwards or cancel unvested “at risk” remuneration to ensure remuneration outcomes are fair, appropriate and reflect business performance. The policy framework provides a transparent mechanism for clawing back or adjusting in the event of a significant material restatement of the company’s financial results which impacts any performance-based compensation.

## EMPLOYEE AND EXECUTIVE CONTRACTS

All employees are issued employment contracts that comply with statutory requirements. Notice of termination is one month, unless longer periods are agreed. The notice period for executive directors and executives is three months.

## SIGN-ON, RETENTION AND RESTRAINT OF TRADE PAYMENTS

There is no provision for sign-on, retention or restraint of trade payments. Should a payment of this nature be made, it would be approved by the committee and disclosed.

## NON-EXECUTIVE DIRECTORS

Non-executive directors receive meeting attendance fees for their participation on the board and board committees. There were no increases in attendance fees from last year. Non-executive directors do not receive annual incentive awards.

The board chairman is not present when her remuneration is reviewed. Recommendations are made to the board for consideration and presented at the AGM for shareholder approval.

The chairman receives meeting attendance fees for her participation on the board and board committees. She does not receive annual incentive awards.

The remuneration committee reviews the fees paid to non-executive directors annually, taking into consideration the individual’s responsibilities and board committee membership. Fees are reviewed annually against:

- The annual PWC non-executive remuneration review;
- The annual Willis Towers Watson non-executive director report; and
- Companies in the Consumer Packaged Goods sector on the JSE, which include Tiger Brands Ltd, RCL Foods Limited, AVI Limited, Oceana Fishing and Rhodes Food Group.







## SECTION

3

## IMPLEMENTATION OF THE REMUNERATION POLICY

**Shareholders representing more than 25% of shares in issue did not vote in favour of the 2021 remuneration policy and the implementation of the remuneration policy, as presented.**

In an effort to identify and address shareholders' concerns, Libstar engaged institutional shareholders, which included dissenting shareholders, and who collectively hold the majority of the company's shares in issue. The outcomes of this consultation process are outlined on this page.

## Voting outcomes at the 2021 AGM

% vote in favour of	June 2021
Remuneration policy	65.09%
Remuneration implementation	69.13%

## KEY MATTERS IDENTIFIED BY SHAREHOLDERS

## Shareholder feedback

Reducing the weighting of EBITDA in the determination of STIs and the addition of HEPS and cashflow performance metrics.

Simplification of the long-term incentive scheme.

Increasing the stretch target for top-end vesting of the LTIP and Group Share Plan.

## Libstar's response

2021 STIs were calculated in accordance with EBITDA and EBIT targets. The Group will adopt EBIT as the key measure in the determination of STIs in 2022. The introduction of HEPS as a performance metric is currently being evaluated.

 Refer to page 3.

The committee is reviewing the structure of the scheme to simplify its architecture.

The committee and board have considered the shareholder feedback and market incentive scheme structures and targets. The stretch targets will be reviewed following the finalisation of proposed changes to the LTIP.

## SALARY INCREASES

### Executive directors

In 2021, the salaries of executive directors were increased by an average of 5.4% in line with CPI and market remuneration benchmarking.

	2022 %	2021 %	2020 %	2019 %
<b>Executive directors*</b>	<b>5.4**</b>	5.0	5.0	–
Group office executives and managing executives of divisions	<b>2.5**</b>	2.5	3.8	4.5

\* Robin Smith retired as an executive director in 2021. Executive directors therefore decreased from three to two from 1 January 2022.

\*\* The difference in the salary increase percentages granted for executive directors and group office executives and managing executives of divisions are due to the reorganisation of positions, reduction of pay and no increases granted following remuneration benchmarking, as well as the size of the employee pool for group office executives and managing executives of divisions.

### STI payments\*

% of TGP	2021	2020	2019	2018
<b>Executive directors**</b>				
Executive directors: STI	<b>13.6</b>	17.6	36.6	15.0
Executive directors: Discretionary bonus	–	–	18.3	–
<b>Total</b>	<b>13.6</b>	17.6	54.9	15.0
Group office executives and managing executives of divisions	<b>19.3</b>	21.5	25.8	11.9

Rand value R'000	2021	2020	2019	2018
<b>Executive directors**</b>				
Executive directors: STI	<b>1 968</b>	2 428	3 592	1 473
Executive directors: Discretionary bonus	–	–	1 796	–
<b>Total</b>	<b>1 968</b>	2 428	5 388	1 473
Group office executives and managing executives of divisions	<b>10 878</b>	11 742	17 982	7 433

\* Bonuses are expressed as a percentage of TGP for each of the sub-groups.

\*\* Includes Robin Smith who retired in December 2021.

## EXPLANATION OF THESE PAYMENTS

### STI awards

Libstar is required to achieve at least 90% of its EBITDA target against budget before any bonuses become payable.

The individual performance metrics that were applied in 2021 were set out in the 2020 remuneration review. These are summarised here again:

Performance measure	Normalised EBITDA	Net working capital saving days	RONA	B-BBEE
<b>Description</b>	Budget (threshold: 90% of budget)	Improvement from prior year	Improvement from prior year	Compliant
<b>Target for 2021</b>	<b>R1 170 million</b>	<b>69</b>	<b>14%</b>	Compliant
<b>Actual for 2021</b>	<b>R1 069 million</b>	<b>74</b>	<b>13%</b>	Compliant
<b>Results</b>	Threshold achieved	Not achieved	Not achieved	Achieved
<b>Weighting</b>	<b>60%</b>	<b>10%</b>	<b>10%</b>	<b>20%</b>

Return on net assets (RONA) targets are established at divisional level, whilst the Group aims to achieve RONA/return on invested capital (ROIC) in excess of its weighted average cost of capital (WACC). During 2021, the Group achieved ROAA/ROIC of 12.5% (2020: 12.3%) against a WACC of 12.5% (2020: 12.2%).

Based on these results, and the remuneration committee and board's consideration of the Group's performance during the year under review, the executive directors received STI payments in the amount of 13.6% of TGP compared to 17.6% in 2020.

Group office executives were paid STIs in line with company performance in terms of the rules of the STI scheme. Managing executives of divisions were paid STIs in line with the performance of the relevant division against budget.

### LTI, LTIP AND LIBSTAR GROUP SHARE PLAN AWARDS

The current LTIP and Libstar Group Share Plan were approved by shareholders at the AGM in May 2019. The salient features of these plans are included on pages 4 to 5 and in more detail in the remuneration policy that can be found at [www.libstar.co.za](http://www.libstar.co.za).

Awards made in 2018 in terms of the former long-term incentive (LTI) plan to 82 employees vested on 1 January 2021. The awards were declared forfeit and cancelled by the committee following nil appreciation.

During 2021, Long-term Incentive Plan (LTIP) awards were made to 93 employees, including the Group CEO, Group CFO and executive director. No awards were made under the Group Share Plan during 2021.

The table on this page sets out the awards to executive directors made in terms of the LTI, LTIP and Libstar Group Share Plan:

	Date of award	Vesting date	Expiry date	SARS strike price/LTIP and Share Plan price on grant	Number of instruments awarded	Number of instruments vested	Number of instruments lapsed	Closing number of unvested and/or vested but unexercised instruments	Total face value on grant
<b>CEO</b>									
<b>LTI</b>	Jan 2018	Jan 2021	Jan 2021	12.92	<b>411 242</b>	<b>411 242</b>	–	–	R5 313 250
<b>LTIP</b>									
SARs	Apr 2019	Apr 2022	Apr 2026	8.08	<b>273 713</b>	–	–	<b>273 713</b>	R2 211 600
Performance shares	Apr 2019	Apr 2022	Apr 2022	8.08	<b>229 775</b>	–	–	<b>229 775</b>	R1 856 580
Forfeitable shares	Apr 2019	Apr 2022	Apr 2022	8.08	<b>57 264</b>	–	–	<b>57 264</b>	R462 690
SARs	Apr 2020	Apr 2023	Apr 2027	6.33	<b>366 853</b>	–	–	<b>366 853</b>	R2 322 180
Performance shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>307 964</b>	–	–	<b>307 964</b>	R1 949 409
Forfeitable shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>76 750</b>	–	–	<b>76 750</b>	R485 825
SARs	Apr 2021	Apr 2024	Apr 2028	6.75	<b>356 068</b>	–	–	<b>356 068</b>	R2 403 456
Performance shares	Apr 2021	Apr 2024	Apr 2024	6.75	<b>298 909</b>	–	–	<b>298 909</b>	R2 017 638
Forfeitable shares	Apr 2021	Apr 2024	Apr 2024	6.75	<b>74 493</b>	–	–	<b>74 493</b>	R502 828
<b>Libstar Group Share Plan</b>									
SARs	Jul 2019	Jul 2022	Jul 2026	8.85	<b>249 898</b>	–	–	<b>249 898</b>	R2 211 600
Performance shares	Jul 2019	Jul 2022	Jul 2022	8.85	<b>209 783</b>	–	–	<b>209 783</b>	R1 856 580
Forfeitable shares	Jul 2019	Jul 2022	Jul 2022	8.85	<b>52 281</b>	–	–	<b>52 281</b>	R462 690
SARs	Apr 2020	Apr 2023	Apr 2027	6.33	<b>366 853</b>	–	–	<b>366 853</b>	R2 322 180
Performance shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>307 964</b>	–	–	<b>307 964</b>	R1 949 409
Forfeitable shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>76 750</b>	–	–	<b>76 750</b>	R485 825
<b>CFO</b>									
<b>LTI</b>	Jan 2018	Jan 2021	Jan 2021	12.92	<b>112 810</b>	<b>112 810</b>	–	–	R1 457 500
<b>LTIP</b>									
SARs	Apr 2019	Apr 2022	Apr 2026	8.08	<b>108 391</b>	–	–	<b>108 391</b>	R875 800
Performance shares	Apr 2019	Apr 2022	Apr 2022	8.08	<b>85 965</b>	–	–	<b>85 965</b>	R694 600
Forfeitable shares	Apr 2019	Apr 2022	Apr 2022	8.08	<b>21 529</b>	–	–	<b>21 529</b>	R173 952
SARs	Apr 2020	Apr 2023	Apr 2027	6.33	<b>193 523</b>	–	–	<b>193 523</b>	R1 225 000
Performance shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>144 313</b>	–	–	<b>144 313</b>	R913 500
Forfeitable shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>36 078</b>	–	–	<b>36 078</b>	R228 375
SARs	Apr 2021	Apr 2024	Apr 2028	6.75	<b>199 630</b>	–	–	<b>199 630</b>	R1 347 500
Performance shares	Apr 2021	Apr 2024	Apr 2024	6.75	<b>148 867</b>	–	–	<b>148 867</b>	R1 004 850
Forfeitable shares	Apr 2021	Apr 2024	Apr 2024	6.75	<b>37 217</b>	–	–	<b>37 217</b>	R251 213
<b>Libstar Group Share Plan</b>									
SARs	Jul 2019	Jul 2022	Jul 2026	8.85	<b>98 960</b>	–	–	<b>98 960</b>	R875 800
Performance shares	Jul 2019	Jul 2022	Jul 2022	8.85	<b>78 486</b>	–	–	<b>78 486</b>	R694 600
Forfeitable shares	Jul 2019	Jul 2022	Jul 2022	8.85	<b>19 656</b>	–	–	<b>19 656</b>	R173 952
SARs	Apr 2020	Apr 2023	Apr 2027	6.33	<b>193 523</b>	–	–	<b>193 523</b>	R1 225 000
Performance shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>144 313</b>	–	–	<b>144 313</b>	R913 500
Forfeitable shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>36 078</b>	–	–	<b>36 078</b>	R228 375

LTI, LTIP and Libstar Group Share Plan Awards (continued)

Date of grant	Date of award	Vesting date	Expiry date	SARS strike price/LTIP and Share Plan price on grant	Number of instruments awarded	Number of instruments vested	Number of instruments lapsed	Closing number of invested and/or vested but unexercised instruments	Total face value on grant
<b>EXECUTIVE DIRECTOR (Robin Smith)</b>									
<b>LTI</b>	Jan 2018	Jan 2021	Jan 2021	12.92	<b>252 283</b>	<b>252 283</b>	–	–	R3 259 500
<b>LTIP</b>									
SARs	Apr 2019	Apr 2022	Apr 2026	8.08	<b>173 267</b>	–	–	<b>173 267</b>	R1 400 000
Performance shares	Apr 2019	Apr 2022	Apr 2022	8.08	<b>129 208</b>	–	–	<b>129 208</b>	R1 044 000
Forfeitable shares	Apr 2019	Apr 2022	Apr 2022	8.08	<b>32 302</b>	–	–	<b>32 302</b>	R261 000
SARs	Apr 2020	Apr 2023	Apr 2027	6.33	<b>232 227</b>	–	–	<b>232 227</b>	R1 470 000
Performance shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>173 175</b>	–	–	<b>173 175</b>	R1 096 200
Forfeitable shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>43 294</b>	–	–	<b>43 294</b>	R274 050
SARs	Apr 2021	Apr 2024	Apr 2028	6.75	<b>224 202</b>	–	–	<b>224 202</b>	R1 513 365
Performance shares	Apr 2021	Apr 2024	Apr 2024	6.75	<b>167 191</b>	–	–	<b>167 191</b>	R1 007 500
Forfeitable shares	Apr 2021	Apr 2024	Apr 2024	6.75	<b>41 798</b>	–	–	<b>41 798</b>	R282 134
<b>Libstar Group Share Plan</b>									
SARs	Jul 2019	Jul 2022	Jul 2026	8.85	<b>158 192</b>	–	–	<b>158 192</b>	R1 400 000
Performance shares	Jul 2019	Jul 2022	Jul 2022	8.85	<b>117 966</b>	–	–	<b>117 966</b>	R1 044 000
Forfeitable shares	Jul 2019	Jul 2022	Jul 2022	8.85	<b>29 492</b>	–	–	<b>29 492</b>	R261 000
SARs	Apr 2020	Apr 2023	Apr 2027	6.33	<b>232 227</b>	–	–	<b>232 227</b>	R1 470 000
Performance shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>173 175</b>	–	–	<b>173 175</b>	R1 096 200
Forfeitable shares	Apr 2020	Apr 2023	Apr 2023	6.33	<b>43 294</b>	–	–	<b>43 294</b>	R274 050



## SINGLE FIGURE REMUNERATION

The following table discloses total remuneration received by executive directors since 2017.

R'000	Basic salary	Bonuses and incentives	Retirement fund contributions	Gains on exercise of share options	Retirement payment	Total
<b>31 December 2021</b>						
A van Rensburg	6 325	876	–	–	–	7 201
C de Villiers	3 850	514	–	–	–	4 364
R Smith	4 324	578	–	–	13 112	18 014
<b>31 December 2020</b>						
A van Rensburg	6 111	1 528	–	–	–	7 639
C de Villiers	3 500	900	–	–	–	4 400
R Smith	4 200	–	–	–	–	4 200
<b>31 December 2019</b>						
A van Rensburg	5 820	3 318	–	–	–	9 138
R Smith	4 000	2 070	–	–	–	6 070
<b>31 December 2018</b>						
A van Rensburg	5 820	873	–	–	–	6 693
R Smith	4 000	600	–	–	–	4 600
<b>31 December 2017</b>						
A van Rensburg	4 850	2 005	–	–	–	6 855
R Smith	3 400	1 230	–	–	–	4 630

### Retirement benefit to executive director

The group concluded a mutual separation agreement with Robin Smith, in terms of which he retired as an executive director of the company with effect from 31 December 2021 after 16 years of service. Robin co-founded the company and played a significant role in the development and growth of Libstar. The retirement payment is a full and final settlement of any and all claims he may have against the Group.

The payment includes:

- Leave pay.
- Notice pay.
- Application of the good leaver provisions of the LTIP and Group Share Plan.
- A discretionary amount determined by the remuneration committee that is equivalent of two times annual total guaranteed pay.

His employment agreement provided for a three-month notice period and 36-month restraint of trade.

## NON-EXECUTIVE DIRECTORS' FEES

The proposed fees for 2022 are set out below and are subject to approval by shareholders at the AGM in June 2022. The board is of the opinion that the fees are market-related and commensurate with the time and effort required by the directors to undertake their duties. Fees are compared to the data contained in a Willis Towers Watson report on non-executive directors' remuneration and fees paid by peers in the Consumer Packaged Goods sector.

The board is of the opinion that the proposed fees take into account the qualifications, experience and opportunity cost of the targeted profile of non-executive directors for the company, and are appropriate to retain existing, and attract potential new, non-executive directors. No non-executive directors participate in any incentive schemes and their remuneration is not linked to the performance of the Group or its share performance.

	2022 Proposed fee 1 January 2022 to 31 December 2022 Rand	2021 Proposed fee 1 January 2021 to 31 December 2021 Rand
<b>Board of directors</b>		
Chairman	771 750	735 000
Independent director	297 680	283 500
<b>Audit and risk committee</b>		
Chairman	286 650	273 000
Committee member	154 350	147 000
<b>Remuneration and nomination committee</b>		
Chairman – Remuneration	275 630	262 500
Committee member – Remuneration	121 280	115 500
Chairman – Nomination	220 500	210 000
Committee member – Nomination	110 250	105 000
<b>Social and ethics committee</b>		
Chairman	220 500	210 000
Committee member	110 250	105 000
<b>Investment committee</b>		
Chairman	220 500	210 000
Committee member	110 250	105 000