

From our home to yours

Remuneration
Policy



REMUNERATION POLICY

It is recommended that shareholders refer to the integrated annual report for the information included in the remuneration review.

1. INTRODUCTION

1.1 This Policy is applicable to Libstar Holdings, Libstar Operations and all Business Units.

1.2 This Policy has been prepared having regard to the King IV Report, the JSE Listings Requirements, the Companies Act and applicable employment legislation.

1.3 This Policy must be read in conjunction with other applicable policy documents that are referenced in this Policy.

2. DEFINITIONS

In this Policy the following definitions will apply:

2.1 “Board” means the board of directors of the Company from time to time;

2.2 “Business Unit” means an operating subsidiary (direct or indirect) of the Libstar Group or an operating division of Libstar Operations, or a group of operating subsidiaries or divisions clustered together under common management to form a single Business Unit;

2.3 “Central Office” means the central management of the Libstar Group;

2.4 “Company” means Libstar Holdings Limited, registration number 2014/032444/06, a limited liability public company incorporated in South Africa and listed on the JSE;

2.5 “Human Resources” means the department of human resources of the Libstar Group or any representative of human resources, as applicable;

2.6 “JSE” means the securities exchange operated by the Johannesburg Stock Exchange;

2.7 “JSE Listings Requirements” means the listings requirements of the JSE;

2.8 “King IV Report” means the King IV Report on Corporate Governance, 2016;

2.9 “Libstar Group” means the Company and its subsidiaries from time to time;

2.10 “Libstar Group Share Plan” means the long-term share incentive plan of the Libstar Group, regulated in terms of a written document headed “The Libstar Group Share Plan”, which is further described in clause 6.2.2.1;

2.11 “Libstar Long Term Incentive Scheme” means the long-term incentive employee incentive scheme, comprising the Libstar Group Share Plan and the LTIP;

2.12 “LTIP” means the long-term (cash-settled) incentive plan of the Libstar Group, regulated in terms of written documents headed “*The Libstar Group 2019 Long-Term Incentive Plan*” and “*Libstar Cash-Based Long-Term Incentive Plan*”, which is further described in 6.2.2.2;

2.13 “Policy” means this remuneration policy;

2.14 “Remuneration Committee” means the sub-committee of the Board constituted and appointed for the purposes set out in this Policy and, in particular, clause 8 thereof;

2.15 “Senior Employees” means executive and senior management and other key employees within the Libstar Group;

2.16 “Shareholders” means holders of ordinary shares in the issued share capital of the Company; and

2.17 “STI Scheme” means the short-term (cash-settled) incentive scheme of the Libstar Group, regulated in terms of a written implementation model, which scheme is further described in clause 6.2.1.

3. REMUNERATION PHILOSOPHY, PRINCIPLES AND OBJECTIVES

3.1 The Company understands and recognises that the remuneration offered by the Libstar Group to its employees is essential to the Libstar Group’s success and achievement of its business goals and strategic vision.

3.2 Therefore, the objective of this Policy is to:

3.2.1 ensure that there is one source of information within the Libstar Group relating to remuneration that can be consistently applied and upheld;

3.2.2 attract, retain, motivate and reward high calibre employees at all levels within the Libstar Group; and

3.2.3 enable the Libstar Group to achieve its full potential by compensating employees fairly and responsibly by giving Senior Employees freedom to operate whilst incentivising superior performance and offering employees the opportunity to share in real value and wealth creation.

3.3 The Libstar Group's remuneration objectives are based on the following principles:

3.3.1 ensuring that the Libstar Group's approach to remuneration is fair, equitable, transparent and market-related while taking into account the needs and performance of the Libstar Group;

3.3.2 recognising the relative contribution that each employee makes to the performance of the Libstar Group as a whole;

3.3.3 placing a high value on entrepreneurship by adopting remuneration strategies that encourage Senior Employees to perform;

3.3.4 compliance with legislation and regulations relating to remuneration of employees (including their benefits and incentives) and reporting on remuneration practices; and

3.3.5 maintaining clear communication to employees regarding their remuneration.

3.4 The Libstar Group commits itself to:

3.4.1 ensuring that the delivery of pay, benefits and related services is correct and on time;

3.4.2 continually exploring and evaluating new reward trends that will support its remuneration approach, strategies and practices; and

3.4.3 ensuring adequate and transparent communication to its employees regarding its approach to remuneration.

4. FAIR AND RESPONSIBLE REMUNERATION

4.1 Remuneration is one of a number of factors that contributes to the attraction and retention of employees. This Policy should therefore not be read in isolation. Other indirect ways of rewarding employees include (i) recognising the performance of individuals and the Libstar Group as a whole, (ii) providing avenues to pursue individual personal growth, (iii) creating a positive and nurturing workplace, and (iv) creating career progression opportunities for each individual.

4.2 With this in mind, the Libstar Group is dedicated to improving the conditions of employment for all employees and may take actions and implement programmes to proactively achieve fair and responsible remuneration for all of its employees. In particular, internal salary/wage benchmarking will be conducted in order to promote fair and equitable remuneration across all levels of employment, where possible. Decisions concluded by the relevant body/ies about the Libstar Group's remuneration practices and policies should be made after consideration of all relevant factors.

4.3 In addition, it is recognised that there are historical inequalities in the environment where the Libstar Group operates that must be addressed. To realise a concept of fair and responsible remuneration, the Libstar Group will implement this Policy in such a way to promote diversity, employment equity and equality at all levels in the workforce, while understanding that the business operates in a complex and competitive environment. This requires ongoing and constant analysis of the Libstar Group's payment practices to assess whether equal work is rewarded with equal pay and that employees are remunerated fairly and responsibly at all times.

4.4 Remuneration is just one pillar within a wider spectrum of means to promote employee attraction, loyalty, retention and reward. Additional programmes to promote the development of strategic skills, employee wellness, financial training and career mapping all add to a work environment that empowers employees to gain the necessary experience and qualifications to progress their careers with the Libstar Group.

4.5 The Libstar Group's remuneration structure covers a number of reward elements and can be summarised as follows:

TOTAL REWARD	Total remuneration	Variable pay	Long-term incentive scheme (Share plan and long-term incentive plan)	Executive directors, executives, senior management, other key employees	Rewards individual and company performance, attraction/retention, recognition of individual contribution to operating business success	Allocation based on total guaranteed pay and/or STI achievement, subject to financial performance
			Short-term incentives (deferred cash bonus)	Executives, senior management, other key employees	Rewards individual and company performance, attraction/retention	Division required to achieve 90% of EBIT target
			Short-term incentives (annual cash bonus)	Executive directors, executives, senior management, other key employees	Rewards individual and company performance, attraction/retention	Division required to achieve 90% of EBIT target
			13th cheque	Employees not participating in STI	Motivation	Aligned with divisional financial performance
	Total guaranteed pay (TGP)	Non-financial benefits	Benefits (pension/provident fund, medical aid, death benefits)	Facilitated by divisions	Motivation	Market-linked practices
			Allowances (cars, phones)	Where appropriate	Attraction/motivation	Linked to market practices
			Basic (monthly salary, weekly/hourly wage)	All employees		
	Non-financial benefits		Recognition	All employees	Motivation	Provided for in budgets
			Personal growth			
			Positive workplace			
			Career progression			

5. REMUNERATION PROCESSES AND REPORTING

5.1 The Remuneration Committee will monitor, review and implement this Policy.

5.2 In line with its overall business strategy, the Libstar Group adopts a decentralised approach to remunerating its employees. Each Business Unit will be responsible for recommending the “guaranteed pay” packages payable to its own employees, subject to the provisions of this Policy and the overarching control of the Remuneration Committee and the Board. The Central Office and the Remuneration Committee can provide each Business Unit with guidance in this area.

5.3 The remuneration arrangements regulated by collective bargaining agreements applicable to certain Business Units are not covered in this Policy.

5.4 A general remuneration review will be conducted and recommended to the Remuneration Committee on an annual basis.

5.5 At the end of each financial year, a remuneration policy implementation report (“**Remuneration Review**”) will be presented. The Remuneration Review will be included in the integrated annual report for the Libstar Group and will consist of a number of components. These are as follows:

5.5.1 an overview/background statement, identifying or explaining:

5.5.1.1 the current remuneration environment of the Libstar Group, including any internal or external factors that influenced the Libstar Group’s remuneration in the preceding financial year;

5.5.1.2 any advice taken by the Remuneration Committee from consultants, as well as the degree of such consultants’ independence and objectivity; and

5.5.1.3 the rationale for any adjustments made to this Policy in the financial year under review;

5.5.2 an overview of this Policy and an opinion from the Remuneration Committee as to whether the Policy achieved its stated objectives;

5.5.3 a description of the implementation of this Policy, which contains details of, amongst other things, the key areas of focus and key decisions taken in respect of the Libstar Group’s remuneration practices in the financial year under review, including a description of Senior Employees’ remuneration; and

5.5.4 an indication of any future areas of focus in the Libstar Group’s remuneration practices.

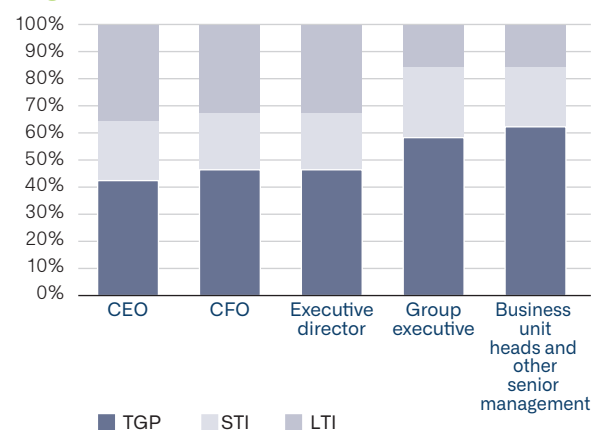
5.5.5 The Remuneration Review shall be presented to the Shareholders for a separate non-binding advisory vote at the annual general meeting of the Company to be held following the publication of the integrated annual report. This is required by the JSE Listings Requirements and the King VI Report. This process is dealt with further in clause 10.

6. REMUNERATION MIX

Remuneration packages consist of “guaranteed pay” (discussed in clause 6.1) and “variable pay” (discussed in clause 6.2). The Libstar Group’s “variable pay” methods include the STI Scheme (discussed in clause 6.2.1) and the Libstar Long-Term Incentive Scheme, which is further divided into the Libstar Group Share Plan (discussed in clause 6.2.2.1) and the LTIP (discussed at clause 6.2.2.2). Each component of the remuneration package has a different set of rules and guidelines applicable to it, which are discussed in more detail. There are also rules applicable to the various “variable pay” options.

The Remuneration Mix was updated in 2022 with the revision of the Long Term Incentive Plan and introduction of the deferred cash bonus scheme.

Target remuneration mix



6.1 Guaranteed pay

6.1.1 Guaranteed pay consists of a salary (which is market-related), as well as benefits and allowances. Salaries are paid in cash and determined on a total cost-to-company basis.

6.1.2 Benefits and allowances may include retirement fund contributions (pension/provident fund), medical aid contributions, group life and disability insurance, cellular benefits, vehicle allowances, overtime, 13th cheque and leave entitlements, such as annual leave, sick leave, maternity and paternity leave, family responsibility leave and study leave. The full details of benefits and allowances available can be obtained from the Group.

6.1.3 Guaranteed pay packages and annual increases for employees of each Business Unit will be recommended by the managing executive (or his/her equivalent) of that particular Business Unit or by Central Office, as applicable. The Remuneration Committee will approve these recommendations.

6.1.4 Annual remuneration and annual increases are budgeted for as part of the annual budgeting cycle. Annual salary increases are determined between October and December of each year and generally become effective on 1 January of every year. Extraordinary salary increases are considered on an *ad hoc* basis, subject to performance standards set and managed at Business Unit or Central Office level, as applicable.

6.1.5 The appropriate level of the total guaranteed pay of each employee, as well as annual increases, should be determined with the following factors in mind:

6.1.5.1 inflation, as measured by the Consumer Price Index, and other market forces;

6.1.5.2 the unique role played by the employee within a Business Unit and the Libstar Group;

6.1.5.3 the experience, skills, competencies, outputs and work behaviour of the employee;

6.1.5.4 affordability for the Libstar Group and Business Unit where the employee is employed;

6.1.5.5 peer group comparisons and benchmarking to ensure that remuneration is fair and defensible. Benchmarking will be based on independent surveys and publicly available data of South African companies listed on the JSE operating in a similar sector to the Libstar Group, having regard to their respective market share(s); and

6.1.5.6 performance ratings of the employee.

6.1.5.7 Market factors are a component to determine remuneration, but should not be applied rigidly. Decision-makers should always take into account the type of industry the Libstar Group operates in, the scarcity of an employee's skills, legislative requirements and the diversity of the Libstar Group's workforce.

6.2 Variable pay

Variable pay supports the achievement of the Libstar Group's strategic and operational objectives by rewarding excellence and ongoing financial performance. The Libstar Group has two variable pay mechanisms of remuneration in place, namely the STI Scheme and the Libstar Long-Term Incentive Scheme. The STI Scheme and the Libstar Long-Term Incentive Scheme are linked to individual employee performance and the performance of a particular Business Unit or the Libstar Group as a whole.

6.2.1 Short Term Incentive Plan (STIP)

6.2.1.1 The STIP is designed to incentivise Senior Employees to achieve pre-determined short-term performance targets. The STIP supports short-term profitability and the achievement of a Business Unit's or the Libstar Group's strategic goals.

6.2.1.2 The STIP scheme has a "Deferral Factor" for eligible participants, in which a percentage of the Short-term Incentive earned will be deferred for payment in three tranches in December of each subsequent year. The Remuneration Committee will determine the split of the deferred payment, and the default split will be three equal tranches. The deferral Factor is linked to a Participant's role and certain roles may not have a Deferral Factor. Eligible participants must be employed and not service notice at the date of payment.

6.2.1.3 Targets are reviewed annually and are based on the Business Unit's or Libstar Group's financial performance and the achievement of key performance objectives ("KPIs") set for each Senior Employee. KPIs are determined by performance management systems in place within the Libstar Group and aligned with the needs and objectives of a Business Unit or the Libstar Group as a whole for the financial year in question. These objectives will be a mix of financial and non-financial measures and may vary significantly from year to year and from one Business Unit to another.

6.2.1.4 KPIs are determined by the managing executive (or his/her equivalent) of a particular Business Unit or by Central Office, as applicable, at the start of every year as part of the annual budgeting process. KPIs are approved by the Board.

6.2.1.5 Participation in the STIP is only open to Senior Employees and is at the Board's discretion. A Senior Employee will not automatically qualify simply due to title, position or other similar factors. Senior Employees are nominated to participate in the STI Scheme by the managing executive (or their equivalent) of each Business Unit or by the chief executive officer of the Libstar Group (or any other person with delegated authority). Nominations may be made annually and must be presented to the Remuneration Committee for noting.

6.2.1.6 The STI Scheme operates as an annual cash bonus scheme. Bonuses are dependent on:

6.2.1.6.1 the achievement by a Business Unit and/or the Libstar Group of financial targets, determined annually with reference to agreed financial/profitability indicators, including EBIT, net working capital days, return on net assets and ESG. Each Business Unit has their own target; and

6.2.1.6.2 the performance of the Senior Employee concerned against his KPIs (determined annually with reference to an evaluation scorecard).

6.2.1.7 Bonuses are only paid if at least 90% of the EBIT targets at individual Business Unit level and, in the case of employees at the Central Office, at Libstar Group level, are achieved. No bonuses are payable below this threshold.

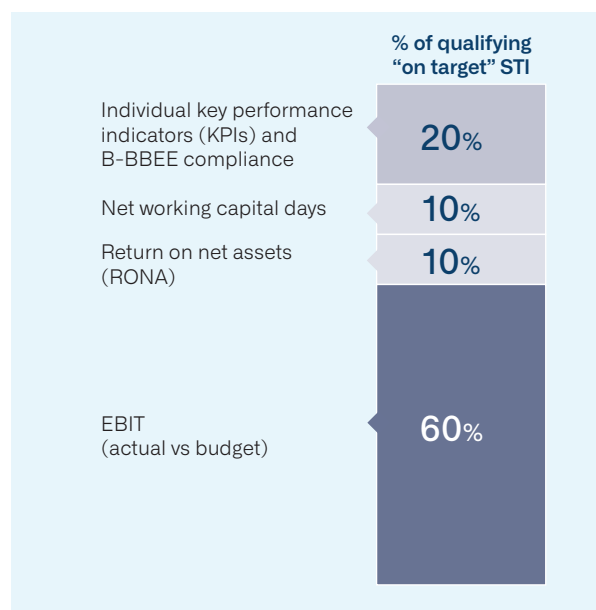
6.2.1.8 Bonuses under the STI Scheme are calculated as a percentage of an employee's total guaranteed pay package and paid annually. The current 'on target' bonus levels as a percentage of annual total guaranteed pay (TGP) are:

	STI (annual bonus scheme) As a % of TGP	STI (deferred cash component) As a % of TGP
Group chief executive officer	50%	—*
Group chief financial officer and executive director	45%	—*
Group central office executives and managing executives of divisions	35% – 45%	Up to 25% over 3 years
Senior management	20% – 35%	Up to 25% over 3 years

* Do not qualify

These bonus levels are reviewed by the Remuneration Committee from time to time.

6.2.1.9 The diagram below indicates the weighting of each component in the final bonus calculation:



6.2.1.10 Annual STI bonuses payable to STI participants are capped at 150% of TGP.

6.2.1.11 The STI Scheme must be funded by Business Units and, in the case of Senior Employees employed at Central Office, by Libstar Operations.

6.2.1.12 Bonuses are subject to the discretion of and approval by the Remuneration Committee.

6.2.1.13 The full details of STI Scheme can be obtained from the Group.

6.2.2 Libstar Long-Term Incentive Scheme

6.2.2.1 Libstar Group Share Plan

6.2.2.1.1 The Libstar Group Share Plan is a share incentive scheme that was approved by the shareholders at the AGM held in on 20 May 2019. It involves the issue of share appreciation rights or ordinary shares to participants. It is designed to attract, retain, motivate and reward eligible Senior Employees with an ability to influence the performance of a Business Unit or the Libstar Group in a manner that aligns their interests with that of the Shareholders.

6.2.2.1.2 The Libstar Group Share Plan is regulated by a detailed set of rules. Copies will be available to Senior Employees on request.

6.2.2.1.3 The Libstar Group Share Plan is implemented by the Board through the direction of the Remuneration Committee. On an annual basis Senior Employees may be offered (i) allocations of share appreciation rights, (ii) awards of performance shares, or (iii) grants of forfeitable shares. These allocation methods are discussed in more detail in clause 6.2.2.3.

6.2.2.1.4 The maximum aggregate number of shares that can be acquired under the Libstar Group Share Plan is 6 820 000 shares of the issued share capital of the Company, with the maximum for any one Senior Employee being 1 172 449 shares of the issued share capital of the Company.

6.2.2.2 LTIP

6.2.2.2.1 The Libstar Group revised the cash settled long term incentive plan (known as the LTIP) in 2022. The LTIP is designed as a cash-settled incentive scheme whereby Executive Directors, senior managers and/or key employees may be awarded notional units which are linked to the price of ordinary shares of the Company. The LTIP is regulated by a detailed set of rules, copies of which are available to Senior Employees on request.

6.2.2.2.2 The LTIP seeks to attract and retain Senior Employees and promotes ongoing loyalty, commitment and motivation.

6.2.2.2.3 The LTIP is implemented by the Board through the direction of the Remuneration Committee. On an annual basis, Senior Employees may be offered performance units. The allocation methods used are discussed in more detail in clause 6.2.2.3.

6.2.2.3 Offer methodologies for the Libstar Group Share Plan

A summary of each method of offer under the Libstar Group Share Plan and the LTIP is set out in the ensuing paragraphs.

6.2.2.3.1 Share appreciation rights method

6.2.2.3.1.1 General: Under the share appreciation rights method, eligible Senior Employees are offered notional allocations of instruments. These instruments entitle the Senior Employee to a future cash amount based on the positive gain (appreciation) of the underlying ordinary shares in the Company above the strike price of such shares.

6.2.2.3.1.2 Allocations: The Remuneration Committee and the Board are responsible for offering allocations to participating Senior Employees. These allocations are made in accordance with the methodology set out in **Annexure A** of the Remuneration Policy, which can be amended from time to time.

6.2.2.3.1.3 Vesting: Vesting of appreciation rights is subject to a Senior Employee's continued employment and the fulfilment of certain performance criteria specified in an allocation letter. Share appreciation rights may be settled no earlier than the 3rd anniversary, but need not be exercised until the 7th anniversary of their allocation. Share appreciation rights that have not been settled by the 7th anniversary of their allocation will lapse.

6.2.2.3.1.4 Performance criteria: The performance criteria are determined by the Board, together with the Remuneration Committee. The performance criteria are set out in an allocation letter. Until further notice, vesting of allocations under the appreciation rights method will be subject to the following performance criteria being met, namely that Libstar achieves, over a minimum period of three years calculated from the grant date, a real growth in normalised headline earnings (i.e. compounded annual growth rate) ("CAGR") equal to or greater than growth at the consumer price index ("CPI") plus 2%.

6.2.2.3.1.4.1 Notwithstanding that the minimum period of three years has passed, vesting of Appreciation Rights Units will only occur when (and to the extent that) the above growth threshold has been achieved; and

6.2.2.3.1.4.2 The extent to which Appreciation Rights Units vest shall be on a sliding scale, as follows:

Threshold	Vesting
Below CPI	0%
Between CPI and CPI plus 2%	Pro rata (between 0% and 100%)
CPI plus 2% or greater	100%

6.2.2.3.1.5 Appreciation value: When a participating Senior Employee exercises a share appreciation right, he/she will be entitled to receive the value of the positive gain (appreciation) of the underlying share above the strike price (as calculated in accordance with the rules of the Libstar Group Share Plan).

6.2.2.3.1.6 Settlement: Settlement of amounts owing to Senior Employees who have exercised their share appreciation rights under the Libstar Group Share Plan will be, at the Board's discretion, through (i) treasury shares (ii) the acquisition of shares in the market on behalf of the Senior Employee, (iii) the payment of cash of equivalent value, or (iv) allotment and issue of shares in the Company to the Senior Employee.

6.2.2.3.2 Performance unit method

6.2.2.3.2.1 General: The performance method rewards the future financial performance of the Libstar Group. Under the performance method, eligible Senior Employees are offered conditional awards of performance instruments, in terms of which they receive the right to acquire the full value of the underlying shares, subject to continued employment and to the extent that certain prescribed performance criteria are achieved.

6.2.2.3.2.2 Awards: The Remuneration Committee and the Board are responsible for offering awards to participating Senior Employees. These awards are made in accordance with the methodology set out in **Annexure A** to the Remuneration Policy, which can be amended from time to time.

6.2.2.3.2.3 Vesting: Vesting of performance instruments is subject to a Senior Employee's continued employment and the fulfilment of certain performance criteria specified in an award letter. Performance instruments vest on the third anniversary of their award, subject to the performance criteria being met. The performance instruments that do not vest will be forfeited.

6.2.2.3.2.4 Performance Criteria: The performance criteria are determined by the Board, together with the Remuneration Committee. The performance criteria are set out in an award letter in terms of one or another, or a weighted combination of:

6.2.2.3.2.4.1 Total Shareholder Return: weighting 40%

6.2.2.3.2.4.1.1 Libstar's Total Shareholder Return ("TSR") will be determined with reference to an index comprising a selection of listed companies in the "Food Producer" segment on the JSE over the three year performance period, weighted by the size of the respective peer companies (based on such companies' respective market caps), relative to Libstar.

6.2.2.3.2.4.1.2 The extent to which the award of Performance Units shall vest based on the TSR shall be on a sliding scale, as follows:

Threshold	Vesting
40th percentile or lower	0%
Median	100%
Upper quartile	300%
Between 40th percentile and upper quartile	Pro rata (from 0% up to 300%)

6.2.2.3.2.4.2 Libstar Group performance: weighting 60% (which shall be made up of the two components below).

6.2.2.3.2.4.2.1 Return on the Libstar Group's adjusted assets ("ROAA") to exceed the Libstar Group's adjusted weighted average cost of capital ("WACC") (total weighting for performance method: 30%).

6.2.2.3.2.4.2.2 This performance criteria will assess Libstar's average performance over the three-year performance period, as evidenced and recorded in the audited annual consolidated financial statement of the Libstar Group.

6.2.2.3.2.4.2.3 The extent to which Performance Units shall vest shall be determined by the extent to which ROAA falls short of, equals or exceeds WACC over the same period, on a sliding scale. If the ROAA achieved is equal to:

Threshold	Vesting
Below WACC	0%
WACC	75%
WACC plus 1%	100%
WACC plus 5%	300%
WACC plus 1% up to WACC plus 5%	Pro rata (from 100% up to 300%)

6.2.2.3.2.4.3 Libstar Group CAGR in normalised headline earnings. (total weighting for performance method: 30%)

6.2.2.3.2.4.3.1 This performance criteria shall assess whether the Libstar Group has achieved a real growth in normalised headline earnings (CAGR) equal to or greater than growth at CPI plus 2% over the three-year performance period.

6.2.2.3.2.4.3.2 The extent to which your Performance Units shall vest based shall be on a sliding scale, as follows:

Threshold	Vesting
Below CPI	0%
Between CPI and CPI + 2%	Pro rata (between 0% and 100%)
CPI + 2% (target)	100%
CPI + 2% up to CPI + 4%	Pro rata (from 100% up to 300%)

6.2.2.3.2.5 Award value: When a participating Senior Employee exercises his/her right to a vested performance instrument, the full value of the underlying shares is payable.

6.2.2.3.2.6 Settlement: Settlement of amounts owing to Senior Employees who have exercised their performance shares under the Libstar Group Share Plan will be, at the Board's discretion, through (i) treasury shares, (ii) the acquisition of shares in the market on behalf of the Senior Employee, or (iii) allotment and issue of shares in the Company to the Senior Employee. Senior employees exercising their performance units under the LTIP will have their awards settled in cash.

6.2.2.3.3 Forfeitable unit method

6.2.2.3.3.1 General: Forfeitable instruments are a form of deferred bonus payment which, though already "earned", are forfeitable on the basis of performance criteria that reduce the extent of vesting for under-performance. The value of the forfeitable instruments granted to eligible Senior Employees is linked to the underlying value of the Company's shares.

6.2.2.3.3.2 Grants: The Remuneration Committee and the Board shall be responsible for offering grants of forfeitable instruments to participating Senior Employees. These grants are made in accordance with the methodology set out in **Annexure A** of the Remuneration Policy, which can be amended from time to time.

6.2.2.3.3.3 Vesting: Vesting of forfeitable instruments is subject to a Senior Employee's continued employment and the fulfilment of certain performance criteria specified in a grant letter. The forfeitable instruments shall vest on the third anniversary of their grant, subject to the performance criteria being met.

6.2.2.3.3.4 Performance criteria: The performance criteria shall be determined by the Board, together with the Remuneration Committee and stipulated in a grant letter. The Group's initial target is to achieve and maintain a B-BBEE compliant status. Efforts will be intensified to improve on the rating going forward.

6.2.2.3.3.5 Grant value: The value of forfeitable instruments is underpinned by the Company's share price and will be linked to the annual cash bonus scheme by matching the annual cash incentive bonus paid to a Senior Employee in the prior year, according to a specified ratio. The specified ratio shall be determined for each grade of Senior Employee based on (i) the target bonus percentage for that grade of Senior Employee, and (ii) the required balance between awarded performance instruments (discussed in clause 6.2.2.3.2) and granted forfeitable instruments.

6.2.2.3.3.6 Settlement: Settlement of amounts owing to Senior Employees who have exercised their forfeiture shares under the Libstar Group Share Plan will be, at the Board's discretion, through (i) treasury shares, (ii) the acquisition of shares in the market on behalf of the Senior Employee, or (iii) allotment and issue of shares in the Company to the Senior Employee. Senior Employees exercising their forfeitable units under the LTIP will have their grants settled in cash.

6.2.2.4 Offer Methodology for the Long Term Incentive Plan (LTIP)

6.2.2.4.1 Performance unit method

6.2.2.4.1.1 General: The performance method rewards the future financial performance of the Libstar Group. Under the performance method, eligible Senior Employees are offered conditional awards of performance instruments, in terms of which they receive the right to acquire the full value of the underlying shares, subject to continued employment and to the extent that certain prescribed performance criteria are achieved.

6.2.2.4.1.2 Awards: The Remuneration Committee and the Board are responsible for offering awards to participating Senior Employees. These awards are made in accordance with the methodology set out in **Annexure A** to the Remuneration Policy, which can be amended from time to time.

6.2.2.4.1.3 Vesting: Vesting of performance instruments is subject to a Senior Employee's continued employment and the fulfilment of certain performance criteria specified in an award letter. Performance instruments vest on the third anniversary of their award, subject to the performance criteria being met. The performance instruments that do not vest will be forfeited.

6.2.2.4.1.4 Performance Criteria: The performance criteria are determined by the Board, together with the Remuneration Committee. The performance criteria are set out in an award letter in terms of one or another, or a weighted combination of:

6.2.2.4.1.4.1 Normalised HEPS Growth over the performance period: weighting 50%

6.2.2.4.1.4.1.1 Profit: Libstar Group CAGR in normalised headline earnings (total weighting: 50%)

6.2.2.4.1.4.1.2 This performance criteria shall assess whether the Libstar Group has achieved a real growth in normalised headline earnings (CAGR) equal to or greater than growth at CPI + 0.5% over the three-year performance period.

6.2.2.4.1.4.1.3 The extent to which your Performance Units shall vest based shall be on a sliding scale, as follows:

Threshold	Vesting
Below CPI	0%
Between CPI	50%
CPI + 0.5% (target)	100%
CPI + 0.5% up to CPI + 4%	Pro rata (from 100% up to 300%)

6.2.2.4.1.4.2 Shareholder Value: Return on Invested Capital (weighting: 30%).

6.2.2.4.1.4.2.1 This performance criteria will assess Libstar's average performance over the three-year performance period, as evidenced and recorded in the audited annual consolidated financial statement of the Libstar Group.

6.2.2.4.1.4.2.2 The extent to which Performance Units shall vest shall be determined by the extent to which ROAA falls short of, equals or exceeds WACC over the same period, on a sliding scale. If the ROAA achieved is equal to:

Threshold	Vesting
Below WACC	0%
WACC	75%
WACC plus 0.5%	100%
WACC plus 0.5% up to WACC plus 1.5%	Pro rata (from 100% up to 300%)
WACC plus 1.5%	300%

6.2.2.4.1.4.3 ESG (weighting: 20%).

6.2.2.4.1.4.3.1 This performance criteria will assess Libstar's performance over the three-year performance period, as evidenced and recorded in the ESG Strategy and Plan of the Libstar Group.

6.2.2.4.1.4.3.2 The extent to which Performance Units shall vest shall be determined by the extent to which the weighted ESG scorecard is achieved during the performance period. ESG is weighted 100% to B-BBEE during 2022, while the baseline for ESG targets are determined.

6.2.2.4.2.5 Award value: When a participating Senior Employee exercises his/her right to a vested performance instrument, the full value of the underlying shares is payable.

6.2.2.4.2.6 Settlement: Settlement of amounts owing to

Senior employees under the LTIP will have their awards settled in cash.

7. NON-EXECUTIVE DIRECTORS

7.1 Non-executive directors on the Board do not have any service agreements with the Company, and are appointed for an agreed period and are paid a director fee.

7.2 Fees payable to non-executive directors should reflect the responsibilities they bear throughout a financial year. Their fees are to be evaluated on a regular basis against a peer group of comparable companies and industry-standards. The profits of the Libstar Group must also be considered. These fees are to be proposed by the Remuneration Committee and tabled before the Board for approval and thereafter to Shareholders to approve by special resolution at general meetings of the Company.

7.3 Non-executive directors do not receive any payments linked to the performance of the Libstar Group and do not participate in the STI Scheme or the Libstar Long-Term Incentive Scheme.

7.4 Non-executive directors may be reimbursed for reasonable travel and subsistence expenses from time to time, in line with the Libstar Group's reimbursement policies.

8. REMUNERATION COMMITTEE

8.1 The Remuneration Committee is a sub-committee of the Board and is responsible for;

8.1.1 monitoring, reviewing and implementing this Policy;

8.1.2 ensuring alignment with the latest governance standards;

8.1.3 assisting the Board to ensure that key employees are retained;

8.1.4 ensuring that this Policy enables the Libstar Group to meet its strategic objectives;

8.1.5 advising the Board on the determination of the remuneration payable to the non-executive directors of the Libstar Group;

8.1.6 reviewing and approving all short-term and long-term incentive structures and monitoring overall liability;

8.1.7 reviewing and approving annual salary increase parameters;

8.1.8 reviewing and approving the total quantum, vesting criteria and allocations in the Libstar Long-Term Incentive Scheme;

8.1.9 reviewing the remuneration packages for the Libstar Group's executive management, which will be recommended by the chief executive officer of the Company;

8.1.10 regularly reviewing incentive schemes to ensure

continued contribution to Shareholder value; and

8.1.11 ensuring that a succession plan is in place, and that talent pool participants and the executive talent pipeline are regularly reviewed.

8.2 The operations of the Remuneration Committee are regulated by terms of reference applicable to the Remuneration Committee. The composition of the Remuneration Committee must be compliant with the requirements of the JSE Listings Requirements and any applicable laws. The Remuneration Committee consists of directors of the Company, the majority of whom must be independent non-executive directors. The chairperson of the Board may serve as a member of the Remuneration Committee, but may not serve as chairman.

9. RESPONSIBILITY FOR POLICY

9.1 The Remuneration Committee is responsible for ensuring that this Policy is implemented and upheld and that the remuneration objectives are executed by the Libstar Group. The Board and the respective heads of the Business Units shall support the Remuneration Committee in the implementation of this Policy, where appropriate.

9.2 The Remuneration Committee must take an active role in reviewing this Policy, as well as the remuneration philosophy, strategy and practices to align to industry best-practice, as well as the goals and strategic objectives of the Libstar Group.

9.3 The Policy may be amended by the Remuneration Committee at any time. This may include the addition or removal of any benefits available to employees and Senior Employees.

10. TABLING OF REMUNERATION POLICY FOR APPROVAL

10.1 It is critical to the Libstar Group's strategy that it is responsive to the interests of its Shareholders and other stakeholders. Open communication with Shareholders and other stakeholders is a cornerstone of good corporate governance and imperative to sustainable growth in Shareholder value. This Policy must be tabled each year for a separate non-binding advisory vote by Shareholders at the annual general meeting of the Company. This is in line with best practice in accordance with the King IV Report and the JSE Listings Requirements.

10.2 If 25% or more of the votes exercised in the non-binding advisory vote are against this Policy, the Board must give dissenting Shareholders the opportunity to justify their votes. To give effect to this, in the voting announcements for the Shareholder meeting, the Board will:

10.2.1 invite dissenting Shareholders to engage with the Company; and

10.2.2 detail the manner and timing of this engagement, which will occur as soon as possible following the Shareholder meeting.

10.3 After receiving feedback from dissenting Shareholders, the Board will report its findings to the Remuneration Committee. The Remuneration Committee must consider the report and the feedback given. If it is deemed appropriate, the Remuneration Committee must propose amendments to this Policy to the Board which, in its opinion, adequately address the concerns of the dissenting Shareholders. If the Remuneration Committee does not believe that any such amendments are necessary, it must provide a report to the Board to this effect.

10.4 The Board will:

10.4.1 consider and, if deemed fit, approve (with or without modification) any proposed amendments to this Policy in accordance with clause 11.1. If the Board does not agree with any proposed amendments to this Policy, it must engage and/or meet with the Remuneration Committee as soon as possible with a view to settling any proposed amendments to this Policy; and

10.4.2 table with the Shareholders the final form of proposed amendments or the report of the Remuneration Committee justifying why such amendments are not required, as soon as reasonably possible after the Company has met with the dissenting Shareholders and request a meeting of Shareholders to approve the amendment or non-amendment of this Policy.

11. REVISION HISTORY

11.1 This Policy will be reviewed by the Remuneration Committee from time to time and may be amended as required, subject to approval of the Board.

11.2 Original policy approved: 4 April 2019

11.3 First revision: 2 April 2020

11.4 Second revision: 12 April 2023

ANNEXURE A

Offer methodology

1

The rules applicable to the Libstar Group Share Plan, Short Term Incentive Plan (STIP) and Cash Settled Long Term Incentive Plan (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 is based on:

- A short-term bonus paid in terms of the Short Term Incentive Plan (STIP); 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 current 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 through 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.