



ZAR CLEAR

Remuneration Policy

Zarclear Holdings Limited

Document Identifier:	Governance
Revision No:	1
Total Pages	5
Status:	Approved
Custodian / Policy owner:	Chief Risk Officer
Date approved:	17 September 2018
Approved by:	Zarclear Board
Due date for next review:	March 2022

Confidentiality Notification

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

Copyright Notification

Copyright Zarclear Holdings Limited, 2000

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,
Zarclear Holdings 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
2.	POLICY PRINCIPLES.....	1
2.1	EXECUTIVE REMUNERATION	1
2.1.1	GUARANTEED PAY	1
2.1.2	OTHER BENEFITS	2
2.2	NON-EXECUTIVE REMUNERATION	2
2.3	TABLING AT ANNUAL GENERAL MEETING	2
3.	GENERAL.....	3
3.1	ASKING ADVICE OR RAISING CONCERNS	3
3.2	MONITORING & REVIEW.....	3
3.3	ESCALATION.....	3
3.4	RESPONSIBILITIES.....	3
3.5	PENALTIES AND CONSEQUENCES	4
3.6	REVIEW	4
3.7	DEFINITIONS	4

APPROVAL MATRIX FOR POLICY

Policy:	Remuneration Policy
Company:	Zarclear Holdings Limited (Registration Number 2000/013674/06)
Approved by:	Board of Directors
Approval date:	17 September 2018
Effective date:	17 September 2018
Last Review date:	17 March 2020
Review cycle:	2 Years
Revision No:	1
Next revision date:	March 2022

1 INTRODUCTION

1.1 Policy Statement

Zarclear Holdings Limited (“Zarclear” 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 (“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 as well as to all Zarclear Group Entities, including Zarclear’s subsidiaries and its associated companies.

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 incentives; and/or
 - Long-term incentives.

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 Management 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 Incentives

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 Incentives

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 Board Sub-Committees are paid an additional fee for attendance at the various Committees of which they are members.

Non-executive directors are subject to annual reviews of their performance, and their fees are benchmarked from time to time 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.

2.3 Tabling at Annual General Meeting

The remuneration policy and the remuneration implementation report are tabled for separate non-binding advisory votes at each Annual General Meeting, in line with King IV and the JSE Listings Requirements. These votes allow shareholders to express their views and concerns on the Company's remuneration structures.

In the event that either, or both, the remuneration policy and/or implementation report are voted against by at least 25% of voting rights, the members of the Zarclear Remuneration and Nominations Committee undertake to engage individually with each dissenting shareholder with a view to addressing their reasonable and legitimate concerns. Where the Committee and such dissenting shareholders reach agreement on remedial actions to be taken, these will be communicated to all shareholders. Should agreement not be reached, the differing positions of both the Committee and the dissenting shareholders will be presented to all shareholders for resolution – and voting – at the next Annual General Meeting following the receipt of such objections.

3. GENERAL

3.1 Asking Advice or Raising Concerns

If you notice something that raises a concern or an ethical question, you are encouraged and in certain circumstances obliged to report it. If you wish to report a concern, or if you need advice on what to do or have any questions regarding this Policy, these should be directed to the Executive Management Function.

3.2 Monitoring & Review

Non-compliance with this Policy may represent a risk to Zarclear. This risk must be identified, documented and considered at the appropriate level, in line with the Zarclear Enterprise Risk Management Framework. The Compliance Function will monitor overall compliance with and adherence to this Policy. The Risk Function will provide the necessary oversight and interrogation of risk. The External Audit Function will provide independent assurance at planned intervals as part of its approved audit plan.

3.3 Escalation

If the Compliance Function has reason to believe that a Director of the Board, employee, contractor, representative or group subsidiary entity of Zarclear has failed to comply with this Policy, the Compliance Function must inform that person of this belief and provide that person with an opportunity to explain the alleged non-compliance. If after hearing the response of that person, the Compliance Function is still of the view that non-compliance has arisen, the potential violations, breaches or non-compliance with this Policy and/or its related Procedures will be investigated by Zarclear and/or its agents and will be escalated by the Compliance Function to the CEO who shall recommend appropriate corrective action.

3.4 Responsibilities

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

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 executive management 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 executive management 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 remains informed and monitors all share transactions and shareholdings of the directors of the Company.
- xii. liaise with the Board in relation to the preparation of the Committee's report to shareholders as required.
- xiii. play an integral part in succession planning, particularly in respect of the CEO and the executive directors.
- xiv. approve the engagement of independent remuneration consultants when obtaining advice on the appropriateness of remuneration packages and other employment conditions.

3.4.2 **Directors, employees and Zarclear Group Entities** 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.

3.4.3 The **External Audit Function** is responsible for providing appropriate independent assurance of compliance with the Remuneration Policy and any underlying procedures, at planned intervals.

3.4.4 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.

3.5 Penalties and Consequences

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 and related Procedures apply, may be held personally liable for civil or criminal penalties which include fines, payment of damages and/or imprisonment.

3.6 Review

This Policy shall be reviewed every two years, or sooner if regarded as necessary.

3.7 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;

"Zarclear" means Zarclear Holdings Limited.