

## REMUNERATION REPORT continued

Under these share incentive schemes, senior management and professional employees of the company are awarded rights to receive shares in the company based on the value of these awards (after the deduction of employees' tax) if performance conditions have been met, the awards have vested and, in the case of the SARS, when the share appreciation rights have been exercised. These shares have a vesting period of three years. The quantum of instruments allocated each year is determined, inter alia, by taking into account the fair value cost of the instruments. The amendment in 2010 of the LTIP scheme also included the introduction of retention shares that may be awarded on the condition that the employee remains in the service of the company for four years after the award. The purpose of such awards of unconditional RLTIPIs is to assist with targeted key and high potential employee retention. Retention shares are a small quantum in relation to other share-based instruments and are awarded by exception.

The accounting charges to the income statement required by IFRS 2 Share-based Payment are accounted for as equity-settled instruments. The costs associated with the settlement of awards under the share schemes qualify for a tax deduction by the company.

Details of the schemes and awards made from 2005 to 31 March 2016, after approval by the Remuneration Committee and the Board, are detailed on the following pages.

Performance conditions governing the vesting of the scheme instruments are set at the time of each annual award (refer to table on previous page for further details) and currently relate to:

- growth in earnings per share,
- total shareholder return,
- share price,
- return on capital employed,
- strategic goals in areas such as sugar production, renewable energy and extracting value from land conversion.

The performance targets are relative to targets that are intended to be challenging but achievable. Targets are linked, where applicable, to the company's medium-term business plan, over three year performance periods, with actual grants being set each year considering the job level and cash package of the participating employee, their individual performance, and appropriate benchmarks of the expected combined value of the awards.

The King III refers to the application of company performance conditions to govern the vesting of awards under the Plans, and precludes the application of retesting. The application of company performance conditions has been applied since the approval of the Plans. New awards thus have relevant performance conditions, do not provide for retesting, and apply the principle of graduated vesting as recommended by King III.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fees for their services as directors on the Board and its committees and includes an attendance fee component. Directors' fees are recommended by the Remuneration Committee, considered by the Board, and proposed to the shareholders for approval at each AGM.

Non-Executive Directors do not participate in short-term bonus schemes nor in long-term incentive share schemes.

As required by the Companies Act 2008 as amended, the remuneration of non-executive directors will be authorised by special resolution at the AGM and is set out on page 133 of the integrated annual report.

## SUMMARY OF REMUNERATION COMMITTEE ACTIVITIES/DECISIONS DURING THE FINANCIAL YEAR

The main issues considered and approved/recommended by the Remuneration committee for 2016 were:

- Cash package increases for CEO, executives and senior managers;
- Short-term incentives (bonuses) for CEO and executives;
- Recommendation of long-term incentives (share schemes) for the CEO, executives and senior managers;
- Approval of performance conditions and performance targets for bonuses and share schemes;
- Reviewing recommendations for fees payable to non-executive directors;
- Considered executive succession planning for the organisation as well as talent management;
- Approval of the Remuneration Report included in the 2016 integrated annual report, including the non-binding advisory vote.

## DISCLOSURES ON REMUNERATION MATTERS

The table below sets out, for ease of reference, the relevant sections of the remuneration details of directors and officers, including share schemes and interest in share capital.

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