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 RLTIPs 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.

Indication of expected values of share scheme awards for Executive Directors – Chief Executive Officer and Chief Financial Officer

The fair value (i.e. the expected value) of share scheme awards (SARS, LTIP and DBP) granted in 2016/17 and that vest after the three-year performance period, expressed as a percentage of cash package were:

- Chief Executive Officer: 79%
- Chief Financial Officer: 62%

Should the minimum level of performance conditions for SARS and LTIP not be achieved, then zero vests and after three years only the DBP portion would vest (i.e. the expected value of approximately 11% of cash package for the CEO and approximately 7% of cash package for the CFO).

Should the maximum level of performance conditions for SARS and LTIP be achieved, then the above expected value would be exceeded and the value of the vesting would depend on the share price appreciation.

Details of the schemes and awards made up to 31 March 2017, 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 page 75 for further details) and currently relate to:

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

The performance targets are set each year for the instruments granted that year, taking into account the prevailing circumstances and conditions at that time and 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 Report 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. 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 of 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 141 of the integrated annual report.

SUMMARY OF REMUNERATION COMMITTEE ACTIVITIES DURING THE YEAR

The main issues considered, engaged in, recommended or approved by the Remuneration Committee for 2017 were:

- Cash package increases for CEO, executives and senior managers;
- Short-term incentives (bonuses) for CEO and executives;
- Long-term incentives (share schemes) for the CEO, executives and senior managers;
- Performance conditions and performance targets for short-term incentives (bonuses) and long-term share schemes;
- Proposal to shareholders on fees payable to non- executive directors;
- Senior executive bench strength and succession planning, as well as talent management in the organisation;
- Employment equity; and
- Approval of the Remuneration Report in the 2017 integrated annual report, including the non-binding advisory vote being proposed to shareholders at the AGM.

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.

Remuneration disclosure	Page
Executive directors' and officers' remuneration	77
Non-executive directors' remuneration	78
Declaration of full disclosure	78
Interest of directors of the company in share capital	78
Details of share schemes (including performance conditions)	79
Interest of directors of the company in share-based instruments	83
Special resolution setting out remuneration to be paid to directors for their services as directors of the company for the ensuing year	141
Non-binding advisory vote on the company's remuneration policy	141