

REMUNERATION REPORT

This remuneration report outlines the philosophy, policy and details of the reward elements for the remuneration of executive directors/officers, executives and non-executive directors of Tongaat Hulett. The reward philosophy has remained consistent with that previously approved at past annual general meetings (AGMs) in the non-binding advisory vote by shareholders, as required by King III. This will again be applied at the next AGM, in support of continued good governance. The remuneration report in future years will transition to King IV.

THE REMUNERATION COMMITTEE

The roles and responsibilities of the Remuneration Committee were determined and approved by the Board, as explained in the corporate governance section of this integrated annual report, which deals with Board committees, structures and responsibilities. The committee, which meets at least twice a year, is chaired by an independent non-executive director and consists only of non-executive directors. The current members are SG Pretorius (Chairman), N Mjoli-Mncube and CB Sibisi. PH Staude, as CEO, and the HR Executive, attend by invitation and MAC Mahlari is the secretary.

The overall objective of the Remuneration Committee is to propose, review and administer the broad policy for executive and director remuneration on behalf of the Board and the shareholders, in accordance with best corporate practice. It ensures alignment of the remuneration strategy and policy with the overall business strategy, desired company culture, shareholders' interests and the sustainable commercial well-being of the business.

The committee is also responsible for, among others, considering and making recommendations to the Board on the remuneration policy and on the quantum, structure and composition of remuneration packages of executive directors and senior executives. It reviews general salary increases for management and the operation of the company's management incentive schemes. In addition, it oversees succession planning, retention and employment equity.

The major principles of the company's remuneration philosophy and policies are set out below, together with the relevant details of the remuneration of directors, officers and executives.

REMUNERATION PHILOSOPHY AND POLICY

The objective of the remuneration policy is to align performance of company executives and fair reward with the company's commercial success and sustainability, simultaneously taking into account various stakeholders' perspectives and the

affordability/cost to company. In developing the remuneration policy, the following factors were considered:

- motivating executives to achieve Tongaat Hulett's business plan, business strategy and budgets;
- creating a strong, performance-orientated environment;
- fair reward for performance;
- alignment between employee and shareholder interests; and
- attracting, motivating and retaining high-calibre talent and keeping within market benchmarked pay levels.

These reward elements are structured to allow for differentiated rewards for different roles and performance of executives, managers and employees, while attention is paid to the quantum of gaps between levels.

Rewards are linked to both individual performance and the performance of the company. From time to time, independent external surveys and comparisons are used to ensure that compensation is market related, while the total cost to company is taken into consideration to determine the quantum of overall pay. As a general principle, good performers are remunerated in line with the market median, with high achievers and exceptional performers being rewarded towards the market upper quartile.

Performance targets include financial and non-financial targets, and are set at various levels; these being company-level targets, operating entity specific targets, and team and individual performance targets. All targets are predetermined and approved by the Remuneration Committee and the Board, and performance reviews are conducted at the end of each performance period for the various instruments, in respect of annual targets and multi-year, long-term incentive targets. The predetermined performance targets for short-term goals are explained in the sections below. For long-term targets, a variety of relevant and appropriate measures are used, as detailed in the section on share incentive schemes below.

To ensure alignment with shareholder expectations, the performance targets are set for both the short and long-term and focus executives on both the business plan and long-term strategic aspirations and achievements of the company. The pay elements comprise guaranteed pay including benefits, variable short-term incentives and long-term incentives, which are also utilised as retention instruments for selected and key individuals in the company.

EXECUTIVE REMUNERATION

The remuneration of executives is determined by taking into consideration market comparisons and an assessment of performance related to the achievement of documented performance targets. Strategic and business objectives, which are reviewed periodically, as well as a general assessment of performance, are taken into account.

The remuneration structure at senior management level consists of:

- guaranteed pay
 - made up of cash package and benefits;
- variable pay
 - short-term incentive bonus schemes, which have set maximum levels; and
 - long-term incentives in the form of employee share incentive schemes.

TOTAL REMUNERATION PACKAGE

GUARANTEED PAY

Basic salary

The cash package of senior management is subject to annual review by the Remuneration Committee and the Board, and is set with reference to relevant external market data as well as the assessment of individual performance and the role/profile of each executive.

Benefits

Membership of an approved company pension fund is compulsory for all senior management, and other benefits include the provision of medical aid, gratuity at retirement, and death and disability insurance, as well as housing and car schemes for qualifying employees in Mozambique, Zimbabwe and Swaziland operations.

VARIABLE PAY

Short-term incentive: annual bonus scheme

The primary purpose of the bonus scheme is to serve as a short-term incentive, which gives executives and senior managers the opportunity to earn an annual bonus based on the financial performance of Tongaat Hulett and the operations, as well as an element related to individual/team performance.

The short-term incentive annual bonus scheme is based on a combination of the achievement of predetermined targets, and an assessment of the individual's overall general performance. These targets include measures of corporate and, where applicable, operational performance, as well as the achievement of individual and, where applicable, team performance, against predetermined objectives related to key business strategies and objectives. The performance targets of the executive and senior management schemes in the 2016/17 year were made up of financial targets (ranging from 55% to 65%) and non-financial targets (ranging from 45% to 35%), which are strategic objectives and team targets. The targets and caps are reviewed annually.

There are various caps for the different levels of executives and employees, currently as follows:

Level of management	Cap as % of cash package
Chief Executive	80%
Executive leadership	65%
Senior management	up to 50%

Note: Zero bonus payments are made on these schemes if headline earnings are below a certain level (2016/17: R740 million). The same principle was applied in 2015/16 and will also be applied in 2017/18.

Financial targets for bonus scheme

All financial targets have an upper limit and a lower limit. If financial results are below the lower limit, zero points will be earned for the element concerned. If financial results exceed the upper limit, the full score related to the relevant element of the bonus will apply.

The financial targets this year comprise:

- Headline earnings
- Return on capital employed (ROCE)
- Cash flow
- Operating profit for operating areas

Refer to table on page 75 for further detail on financial targets. 

Long-term incentive: share schemes

The objective of the long-term share incentive schemes are to strengthen the alignment of shareholder and management interests and assist in the attraction, retention and appropriate reward of management.

The various instruments are the Share Appreciation Right Scheme 2005 (SARS), the Long-Term Incentive Plan 2005 (LTIP) and the Deferred Bonus Plan 2005 (DBP) (collectively referred to as "the Plans"). These share schemes were amended at the AGM on 27 July 2010 to ensure compliance with schedule 14 of the JSE Listings Requirements and, where appropriate, the King III Report.

In the SARS, participating employees are awarded the right to receive shares equal to the difference between the exercise price and the grant price, less income tax payable on such difference, once the right has vested. The employee therefore participates in the after-tax share price appreciation in the company. The extent of the vesting of the right is dependent on the achievement of performance conditions over a three-year performance period.

In the LTIP, participating employees are granted conditional awards. These awards are converted into shares, depending on the achievement of performance conditions over a three-year performance period.

In the DBP, participating employees purchase shares in the company with a portion of their after-tax bonus. These pledged shares are held in trust by a third-party administrator for a qualifying three-year period, after which the company awards the employee a number of shares in the company which matches those pledged shares released from trust.

Bonus and Share Scheme Performance Condition Targets - Financial and Operational Metrics

Type of Scheme and Performance Condition	Description of Performance Condition	Percentage Actually Achieved for Bonus/ Share Vesting Calculation	
		2016/17	2015/16
Bonuses (Note 1)			
Headline Earnings	Specific target range (Rands) for 25% to 100% vesting and 0% if below the lower end of the target range. [The 2016/17 actual Headline Earnings of R982 million (i.e. a 45% growth in the prior year) exceeded the upper end of the range. The 2015/16 Headline Earnings were below the lower end of the range.]	100%	0%
Return on Capital Employed (ROCE)	Specific target range (Rands) for 25% to 100% vesting and 0% if below the lower end of the target range. [The 2016/17 actual ROCE of 10,5% (i.e. significantly increased from the 7,4% in the prior year) exceeded the upper end of the range. The 2015/16 ROCE was below the lower end of the range.]	100%	0%
Cash Flow	Specific target range (Rands) for 25% to 100% vesting and 0% if below the lower end of the target range. [The 2016/17 actual cash flow before interest of R2,026 billion (i.e. substantially above the R58 million in the prior year) resulted in 95% vesting on the range between upper and lower limits. The 2015/16 cash flow was below the lower end of the range.]	95%	0%
Share Schemes (SARS and LTIPS) (Note 2)			
Total Shareholder Return (TSR) - 25% of LTIP (Note 3)	14 preselected and relevant other listed companies that Tongaat Hulett "competed" against to determine vesting scale based on "position in the field".	10%	73%
Return on Capital Employed (ROCE) - 25% of LTIP	Specific target range (%) for 30% to 100% vesting and 0% if below the lower end of the target range.	0%	0%
Sugar Production Condition - 25% of LTIP	Specific target range (%) for 30% to 100% vesting and 0% if below the lower end of the target range.	0%	32%
Large Land Deals - 25% of LTIP (2015/16: Regulatory Framework for Electricity in South Africa)	Specific target range (Rands) for 30% to 100% vesting and 0% if below the lower end of the target range.	100%	0%
Headline Earnings per Share (HEPS) - SARS	Growth of greater than CPI + 6% over 3 years for 100% vesting and 0% if below the predetermined threshold.	0%	70%
Share Scheme Performance Condition Targets which vest in 2017/18 through to the 2019/20 financial year (Note 4 and Note 5)			
Headline Earnings per Share (HEPS)	Growth of greater than CPI + 6% over 3 years for 100% vesting and 0% if below the predetermined threshold.		
Total Shareholder Return (TSR)	12 to 14 preselected and relevant other listed companies that Tongaat Hulett "competes" against to determine vesting scale based on "position in the field" (Note 3).		
Return on Capital Employed (ROCE)	Specific target range (%) for 30% to 100% vesting and 0% if below the lower end of the target range.		
Sugar Production	Target quantum (annual tons of production) - range.		
Land Transaction Values	Specific range of various targets and values (Rands) for 30% to 100% vesting and 0% if below the lower end of the target range.		
Notes			
<p>Note 1: Bonus amounts recorded for each year in this report relate to the performance of that year (while the amount is paid out after the year end and performance measures have been thoroughly assessed). At the executive/senior management level in the 2016/17 year, a range from 55% to 65% of the quantum of the bonus is calculated based on the predetermined financial performance measures (the remaining 45% to 35% being on individual personal performance assessments). This note reflects the performance measures at the consolidated level and for those managers who are based in an operation, then that operation's operating profit and cash flow are also used as measures on a similar basis, with a similar calibration. The weighting (within the portion subject to financial performance conditions) of the various performance conditions for the CEO and CFO was Headline Earnings: 45%; ROCE: 15%; Cash Flow: 40%.</p>			
<p>Note 2: In the period to 31 March 2017, the share incentive scheme awards vested in June 2016 and were based on the 2015/16 financial years' results and had the following performance conditions, as detailed in this table: LTIP had 25% dependent on TSR, 25% on sugar production, 25% on large land deals and 25% dependent on ROCE, while the Share Appreciation Rights were all dependent on HEPS growth.</p>			
<p>Note 3: For the TSR assessment of the awards that vested in 2016/17 (awarded in 2013), the population of companies that Tongaat Hulett "competed" against included: AECI, Astral Foods, AVI, Bidvest, Clover Industries Limited, Illovo Sugar, Mondi Limited, Nampak, Omnia Holdings Limited, Oceana Group, Pioneer Foods, RCL Foods Limited, Sappi Limited, Tiger Brands. Previous years also included Aveng, Group 5, PPC and WBHO. Future years, i.e. awards vesting in 2017/18 onwards includes a list of companies similar to the 2016/17 list above, with Crookes Brothers being included and Bidvest, Illovo and Mondi being excluded over time.</p>			
<p>Note 4: These are awards made from 2014 onwards, which vest in the financial years 2017/18 onwards and have the performance conditions, detailed in this table: LTIP's are dependent on 4 of these performance measures (25% each), which vary from year to year and SARS are all dependent on HEPS growth.</p>			
<p>Note 5: For the awards that will vest in the 2017/18 year, the performance conditions are based on the 2016/17 results and will result in the HEPS condition (SARS) - 0% vesting; ROCE condition (25% of LTIP) - 0% vesting; sugar production (25% of LTIP) - 0% vesting; land transactions (25% of LTIP) - 100% vesting and TSR (25% of LTIP) - 50% vesting.</p>			
<p>Note 6: Further details on specific targets are not disclosed due to commercial sensitivity.</p>			

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.

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.

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DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS

Executive directors' remuneration (R000)

The executive directors' remuneration for the year ended 31 March 2017 was as follows:

Name	Cash package	Cash bonus *	Retirement and medical contributions	Total
PH Staude	8 799	6 626	1 276	16 701
MH Munro	4 880	2 884	727	8 491
	<u>13 679</u>	<u>9 510</u>	<u>2 003</u>	<u>25 192</u>

The executive directors' remuneration for the year ended 31 March 2016 was as follows:


Name	Cash package	Cash bonus *	Retirement and medical contributions	Total
PH Staude	8 799	2 772	1 240	12 811
MH Munro	4 626	1 198	684	6 508
	<u>13 425</u>	<u>3 970</u>	<u>1 924</u>	<u>19 319</u>

The requirement to include prescribed officers is covered by the above executive directors, as they exercise effective management and control.

* Bonuses are reported to match the performance and quantum earned to the applicable financial period.

Executive directors' share incentive gains:

	2017	2016
PH Staude	7 010	3 662
MH Munro	2 348	2 160
	<u>9 358</u>	<u>5 822</u>

 Details of the executive directors' share-based instruments granted and exercised are contained on pages 83 to 84.

REMUNERATION REPORT continued

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS continued

Non-executive directors' remuneration (R000)

Name	12 months to 31 March 2017			12 months to 31 March 2016		
	Fees	Other	Total	Fees	Other	Total
SM Beesley	334	339	673	345	153	498
F Jakoet	363	300	663	345	285	630
J John	363	356	719	317	337	654
RP Kupara	363	178	541	345	169	514
TN Mgoduso	363	123	486	319	116	435
N Mjoli-Mncube	363	463	826	317	403	720
SG Pretorius	363	417	780	345	286	631
TA Salomão	363		363	285		285
CB Sibisi	1 282	236	1 518	1 218	224	1 442
	4 157	2 412	6 569	3 836	1 973	5 809

In the table above, "Fees" relate to the services as directors on the board and "Other" relates to fees paid for services as committee members.

Declaration of full disclosure

Other than the remuneration disclosed in this note, which was paid by the company, no consideration was paid to or by any third-party, or by the company itself, in respect of services of the company's directors, as directors of the company, during the year ended 31 March 2017.

Interest of directors of the company in share capital

The aggregate holdings as at 31 March 2017 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are direct and beneficial except where indicated otherwise.

Name	2017	2016
Executive directors:		
PH Staude	386 328	340 787
MH Munro	138 136	122 935
	524 464	463 722
Non-executive director:		
F Jakoet	-	5 068

EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards in terms of the company's share incentive schemes:

Share Appreciation Right Scheme 2005

Under the share appreciation right scheme, participating employees are awarded the right to receive shares equal to the difference between the exercise price and the grant price, less income tax payable on such difference. The employee therefore participates in the after tax share price appreciation in the company. The vesting of the right is conditional on the achievement of Tongaat Hulett performance levels over a performance period.

Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights 31 March 2016	Granted	Exercised	Lapsed/ forfeited	Number of rights 31 March 2017
22 May 2009	75,06	12,54	501 334		501 334		
31 May 2010	97,49	20,00	641 207		182 440		458 767
31 May 2011	90,42	17,50	758 863		67 092		691 771
29 May 2012	110,21	21,73	899 909		101 582	5 438	792 889
29 May 2013	126,85	24,30	1 375 555			1 375 555	
26 May 2014	121,93	23,96	1 576 335			51 023	1 525 312
28 May 2015	128,54	23,68	1 745 458			58 090	1 687 368
6 June 2016	113,41	28,06		1 582 792		46 708	1 536 084
			7 498 661	1 582 792	852 448	1 536 814	6 692 191

The estimated fair value costing of these outstanding share appreciation rights was determined using the binomial tree valuation model and non-market performance conditions, based on the following significant inputs:

Strike price	The grant price, as noted above.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	8,51% (2015: 7,96%; 2014: 7,78%, 2013: 6,73%, 2012: 7,26%, 2011: 7,95% and 2010: 7,71%).
Expected volatility	Expected volatility of 29% (2015: 22,51%; 2014: 27,57%, 2013: 28,34%, 2012: 28,51%, 2011: 30% and 2010: 26,78%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used for the 2016 award (2015, 2014, 2013 and 2012: 2,6%, 2011: 2,75% and 2010: 2,5%).
Weighted average share price	As above.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	An increase in headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is not allowed with effect from the 2010 award.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	2016: 74 months, 2015: 62 months, 2014: 50 months, 2013: 26 months, 2012: 26 months, 2011: 14 months and 2010: 2 months.
Contractual	84 months.

REMUNERATION REPORT continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Details of awards in terms of the company's share incentive schemes: continued

Long Term Incentive Plan 2005

Under the long term incentive plan participating employees are granted conditional awards. These awards are converted into shares on the achievement of performance conditions over a performance period.

Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2016	Granted	Settled	Lapsed/ forfeited	Number of conditional awards 31 March 2017
29 May 2013	126,85	49,22	530 670		527 486	3 184	
26 May 2014	121,93	51,79	571 266			18 232	553 034
28 May 2015	128,54	57,82	559 899			18 502	541 397
6 June 2016	113,41	60,28		576 207		17 303	558 904
			1 661 835	576 207	527 486	57 221	1 653 335

The estimated fair value costing of these outstanding conditional share awards was determined using the Monte Carlo Simulation model and non-market performance conditions, based on the following significant inputs:

Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used for these awards.
Weighted average share price	As above.
Time constraints	Three years from grant date.
Performance (vesting) conditions	2016 award: 25% of the award will be subject to the TSR condition, 25% to the ROCE condition, 25% to a sugar production condition and 25% will be subject to the land conversion cash generation condition. No retesting of the performance conditions is allowed. 2014 and 2015 awards: 25% of the award will be subject to the TSR condition, 25% to the ROCE condition, 25% to a sugar production condition and 25% will be subject to the large land deals of the company condition. No retesting of the performance conditions is allowed.
Non-market performance conditions	2016 award: ROCE, sugar production and the land conversion cash generation conditions. 2014 and 2015 awards: ROCE, sugar production and the large land deals conditions.
Market performance conditions	Total shareholder return (TSR).
Weighted average remaining life:	
Expected	2016: 26 months, 2015: 14 months and 2014: 2 months.
Contractual	36 months.

Long Term Incentive Plan 2005 - Retention Awards

Under the long term incentive plan participating employees are granted conditional awards which are converted into shares after the required service period is completed.

Expiring four years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2016	Granted	Settled	Lapsed/ forfeited	Number of conditional awards 31 March 2017
16 November 2012	126,71	92,88	72 442		70 406	2 036	
11 March 2013	139,39	102,18	15 000		15 000		
29 May 2013	126,85	92,99	98 390			1 039	97 351
26 May 2014	121,93	89,38	139 767			3 418	136 349
28 May 2015	128,54	94,23	179 642			3 487	176 155
6 June 2016	113,41	102,07		155 931		10 968	144 963
			505 241	155 931	85 406	20 948	554 818

The estimated fair value costing of these outstanding conditional share awards was based on the following significant inputs:

Expected option life	46 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used.
Weighted average share price	As above.
Time constraints	Four years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	June 2016: 38 months, May 2015: 26 months, May 2014: 14 months and May 2013: 2 months.
Contractual	48 months.

REMUNERATION REPORT continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Details of awards in terms of the company's share incentive schemes: continued

Deferred Bonus Plan 2005

Under the deferred bonus plan participating employees purchase shares in the company with a portion of their after-tax bonus. These pledged shares are held in trust by a third-party administrator for a qualifying period, after which the company awards the employee a number of shares in the company which matches those pledged shares which are then released from trust.

Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2016	Granted	Settled	Forfeited	Number of conditional awards 31 March 2017
29 May 2013	126,85	100,49	63 630		63 630		
26 May 2014	121,93	96,60	75 950			2 785	73 165
25 May 2015	131,27	103,99	63 502			2 593	60 909
30 May 2016	113,06	104,47		46 335		1 871	44 464
			203 082	46 335	63 630	7 249	178 538

The estimated fair value costing of the outstanding deferred bonus share awards was based on the following significant inputs:

Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used.
Weighted average share price	As above.
Time constraints	Three years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	2016 award: 26 months, 2015 award: 14 months and 2014 award: 2 months.
Contractual	36 months.

The deferred bonus shares were purchased by the participating employees on 3 June 2016 in respect of the 2016 award. (2015 award purchased 1 June 2015 and the 2014 award purchased 2 June 2014).

Interest of executive directors of the company in share-based instruments

Share Appreciation Right Scheme 2005

Name	Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights 31 March 2016	Granted	Exercised	Lapsed	Number of rights 31 March 2017	Performance condition and time constrained
PH Staude	22 May 2009	75,06	12,54	91 120		91 120			
	31 May 2010	97,49	20,00	74 289				74 289	
	31 May 2011	90,42	17,50	87 397				87 397	
	29 May 2012	110,21	21,73	65 845				65 845	
	29 May 2013	126,85	24,30	104 578			104 578		
	26 May 2014	121,93	23,96	115 081				115 081	115 081
	28 May 2015	128,54	23,68	123 414				123 414	123 414
	6 June 2016	113,41	28,06		111 172			111 172	111 172
				661 724	111 172	91 120	104 578	577 198	349 667
MH Munro	22 May 2009	75,06	12,54	30 857		30 857			
	31 May 2010	97,49	20,00	23 638				23 638	
	31 May 2011	90,42	17,50	28 669				28 669	
	29 May 2012	110,21	21,73	22 439				22 439	
	29 May 2013	126,85	24,30	34 476			34 476		
	26 May 2014	121,93	23,96	47 818				47 818	47 818
	28 May 2015	128,54	23,68	52 248				52 248	52 248
	6 June 2016	113,41	28,06		49 654			49 654	49 654
				240 145	49 654	30 857	34 476	224 466	149 720

Long Term Incentive Plan 2005

Name	Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2016	Granted	Settled	Lapsed	Number of conditional awards 31 March 2017	Performance condition and time constrained
PH Staude	29 May 2013	126,85	49,22	47 660		13 107	34 553		
	26 May 2014	121,93	51,79	49 144				49 144	49 144
	28 May 2015	128,54	57,82	46 660				46 660	46 660
	6 June 2016	113,41	60,28		47 766			47 766	47 766
				143 464	47 766	13 107	34 553	143 570	143 570
MH Munro	29 May 2013	126,85	49,22	15 709		4 320	11 389		
	26 May 2014	121,93	51,79	20 420				20 420	20 420
	28 May 2015	128,54	57,82	19 753				19 753	19 753
	6 June 2016	113,41	60,28		21 334			21 334	21 334
				55 882	21 334	4 320	11 389	61 507	61 507

REMUNERATION REPORT continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Interest of executive directors of the company in share-based instruments continued

Deferred Bonus Plan 2005

Name	Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2016	Granted	Delivered	Number of conditional awards 31 March 2017	Conditional awards time constrained
PH Staude	29 May 2013	126,85	100,49	14 720		14 720		
	26 May 2014	121,93	96,60	17 451			17 451	17 451
	25 May 2015	131,27	103,99	13 405			13 405	13 405
	30 May 2016	113,06	104,47		9 301		9 301	9 301
				45 576	9 301	14 720	40 157	40 157
MH Munro	29 May 2013	126,85	100,49	4 821		4 821		
	26 May 2014	121,93	96,60	5 539			5 539	5 539
	25 May 2015	131,27	103,99	4 114			4 114	4 114
	30 May 2016	113,06	104,47		3 092		3 092	3 092
				14 474	3 092	4 821	12 745	12 745

The deferred bonus shares were purchased by the participating employees on 3 June 2016 in respect of the 2016 award. (2015 award purchased 1 June 2015 and the 2014 award purchased 2 June 2014).

The share awards were made and exercised at various times and the average share price for the period was R122,68 (2016: R112,38).



The share incentive gains made by directors are reflected on page 77.