

REMUNERATION REPORT

This report highlights the key components of the Senwes remuneration philosophy, directly aligned with and in support of the group's strategic priorities.

The board, through the Senwes Remuneration Committee (Remco), taking cognisance of the group's performance and general economic and political environment, is committed to ensuring that the remuneration of executive managers is fair and responsible in the context of overall employee remuneration.

The committee is tasked by the board to independently approve and oversee the implementation of a remuneration policy that will encourage the realisation of the group's strategy. In all its activities, the group Remco also endeavours to ensure that remuneration reporting is straightforward, yet comprehensive and transparent.

In view of the Covid-19 pandemic and in the face of the deteriorating economic environment, employees at directors level, non-executive directors level and Exco level did not receive an annual increase in May 2020. Employees within the group also received no annual increase in May 2020. A Covid "once off" bonus equalling 2,5% of annual cost to company remuneration was paid in the latter part of 2020 to all employees who are not part of bargaining councils with signed-off wage agreements.

The Guaranteed Remuneration (GP) increases of senior management have been consistently lower than those of the bargaining unit over the past seven years. This has been a deliberate approach in an endeavour to reduce income inequality. It has the added effect of increasing the short-term incentive scheme (STI) towards the bargaining unit members as STI is determined as a percentage of GP.

Furthermore, the Group Remco adheres to the minimum wage as determined by bargaining council negotiations at R62 696,88 p.a. which is higher than the statutory minimum wage. Minimums of the Motor Industry Bargaining Council (MIBCO) and the Metal and Engineering Industries Bargaining Council (MEIBC) are also adhered to.

KEY MESSAGES

The group remuneration policy, short-term incentive scheme and long-term incentive scheme are reviewed annually to ensure that the objectives of the group's remuneration mix are successfully achieved:

- to attract, retain, motivate and reward talented and high-performing staff,
- to achieve the company's strategic objectives, and
- to deliver expected shareholder return and ensure sustainable performance and shareholder value-creation in the long term are achieved.

Through the remuneration policy, the Group Remco is committed to ensure that the remuneration of non-executive directors and executive management is fair and responsible in the context of overall remuneration.

The group's philosophy is to encourage sustainable long-term performance that is consistently aligned with the interest of shareholders.

Senwes adopts a holistic and total reward philosophical approach to remuneration, which takes into consideration financial and non-financial, direct and indirect, as well as intrinsic and extrinsic rewards, based on and in support of the employee value proposition.

Senwes Total Remuneration Framework



Looking after the group's employees remains critical and we will continue to enhance and focus on fair pay principles within the group. The committee is mandated by the board to oversee all aspects of remuneration in accordance with the approved terms of reference. In establishing a remuneration philosophy and policy, the Senwes Group considers the following:

- Remuneration that is compliant with regulations and aligned with codes of best practice;
- Fair, reasonable and market-related remuneration;
- Policies and practices that strive for internal equity;
- Remuneration that is economically affordable and aligned with the company's code of ethics; and
- Aligns executive long-term wealth interests with the long-term interests of the shareholders.

REMUNERATION POLICY

Guiding principles

- The remuneration policy is governed through the governance structures to ensure alignment with the vision, commitment, values, strategic direction and objectives of the company;
- The remuneration policy and practices must be compliant with relevant regulations, economically sensible, ethically aligned and market related;
- The group uses a total reward approach, applying an appropriate reward mix for the various employees, based on and in support of the employee value proposition;
- The group's remuneration policy must be transparent and implemented fairly and consistently, based on the factors of role, qualifications, experience, scarcity of skills, individual contribution, level of performance and talent potential;
- Remuneration of employees will be based on relevant and appropriate market benchmarks to strive for competitiveness of the total reward positioning, within the parameters of affordability; and
- Total remuneration must be aligned with individual, business unit and corporate performance.

Scope

- The policy outlines the governance framework through which remuneration is determined and managed throughout the group and across all levels of the organisation;
- The policy is approved by the board and management has the responsibility to implement it; and
- The policy is aligned with the Senwes strategy and is part of Senwes' operating philosophy, policies and standards.

Strategic objectives

- To ensure that the business has the right mix of skills;
- To attract and retain the right talent;
- To develop a high-performance culture, which rewards individual, team and corporate performance;
- To motivate result-oriented behaviour and pursuit of excellence;
- To encourage long-term focus that ensures sustainability of performance, effective risk alignment and management;
- To encourage behaviour that is aligned with the culture and objectives of the company; and
- To align employees' interests with the interests of the shareholders.

REMUNERATION GOVERNANCE

Board of Directors

- The board has the final authority for the approval of the remuneration philosophy and policy.
- The board delegates responsibility for this policy to the Remuneration Committee (Remco).
- The board provides oversight for the execution of the policy.

REMCO

COMPOSITION OF SENWES REMCO

Name	Director status	Qualifications	
Nico Liebenberg	Non-executive director	B.Com. (Hons), M. Sustainable Agriculture	Committee Chairman
Steve Booysen	Independent non-executive director	B.Compt. (Hons), D.Com, CA (SA)	Member
Jaco Minnaar	Non-executive director	B.Eng. (Agriculture)	Member
Thabo van Zyl	Non-executive director	B.Sc. Agric (Agricultural Economics)	Member
Francois Strydom	Group Chief Executive Officer	Permanent invitees with no voting power. They are excluded when matters relating to their own remuneration are discussed.	
Corné Kruger	Group Chief Financial Officer		

The meetings are also attended by the Group Executive: Human Resources, who is responsible for remuneration, as well as external advisors from time to time, as deemed necessary by Remco.

Remco has the following responsibilities, which are aligned with the Remco Charter:

- Accountability for all remuneration matters in the company, including oversight of the implementation of the remuneration policy;
- Determination of the remuneration of executive and non-executive directors and recommendation of the non-executive directors’ remuneration to the board and subsequently to the shareholders at the AGM for approval;
- Approval of the remuneration structure of the company;
- Ensuring that there is an appropriate, adequate and effective remuneration system in place;
- Ensuring that the remuneration strategy is economical and ethical and that the policy is applied consistently and fairly throughout the organisation;
- Benchmarking and evaluation of the income differential rate between the executives and the employees;
- Working in consultation with other board committees and relevant internal functions in ensuring co-operative and responsible remuneration policy design, planning, decision-making and execution;
- Approval of the benchmarking methodology, including the comparator group of companies used for the purpose of determining external market competitiveness of the group’s remuneration;
- Engaging with independent external advisors and relevant stakeholders on any matters of remuneration as they deem necessary in order to ensure that the

remuneration policy and practices are aligned with the group’s objectives; and

- Reporting to shareholders on behalf of the board on remuneration matters.

EXECUTIVE COMMITTEE

- The Senwes Group’s executives, under the supervision of the Senwes Group CEO, have the responsibility of proposing and implementing the remuneration policy and strategies, as envisaged by Remco, on behalf of the board.

HUMAN RESOURCES (Remuneration Management)

- Developing policy proposals, providing guidelines, tools and support to management in the implementation of the remuneration policy;
- Undertaking of annual benchmarks to ensure market competitiveness; and
- Formulation of a wage negotiation strategy and engaging in collective bargaining processes which are aligned with the mandate approved by Remco.

REMUNERATION STRATEGY

Senwes’ remuneration strategy is based on a total reward approach, which includes financial and non-financial, direct and indirect, intrinsic and extrinsic rewards, based on and in support of the employee value proposition.

EMPLOYEE VALUE PROPOSITION

Senwes strives to be an employer of choice. In this regard, Senwes has developed an employee value proposition, which steers the company’s employee engagement and talent strategy towards the realisation of that vision.

The purpose of our employee value proposition is to enable the organisation to attract prospective talent, improve employee engagement and performance, inculcate behaviour consistent with our values, develop an enabling and supportive work environment and to retain talent.

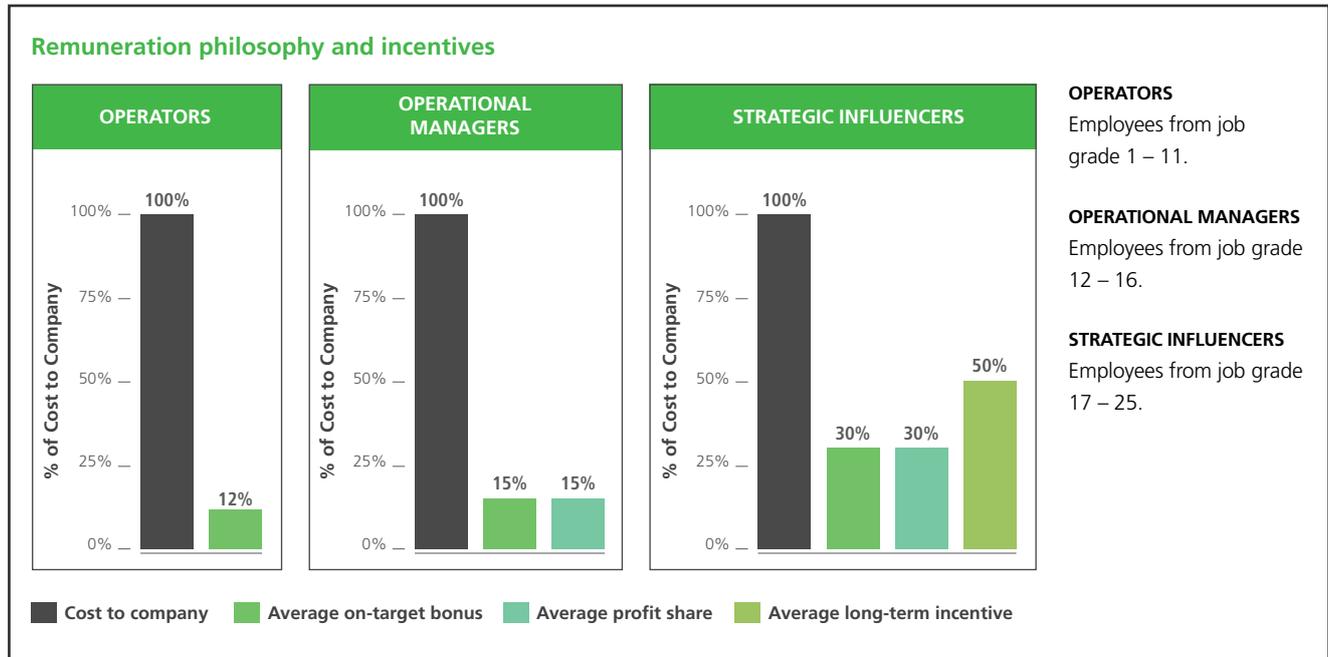
The employee value proposition is based on the following four pillars:



REMUNERATION STRUCTURE

The remuneration structure comprises guaranteed pay (total cost to company), special purpose bonus (in exceptional circumstances, at the discretion of the executive and/or Remco), short-term incentives and long-term incentives.

An appropriate remuneration mix is maintained between fixed and variable performance-based remuneration, as well as between short-term and long-term performance-based remuneration. The diagram below illustrates the functioning of the remuneration structure:



DIRECTORS' REMUNERATION

Remco reviews the remuneration of executive and non-executive directors annually, based on external surveys and benchmarks against a comparator group of companies and other relevant benchmarks. The committee also considers the skills levels, performance and retention of the directors. Remuneration is generally positioned at the median of the relevant benchmark.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors' remuneration is reviewed on an annual basis and tabled at the annual general meeting for approval as a binding vote as required in terms of section 66(9) of the Companies Act, 2008.

Non-executive directors' fees are benchmarked against various surveys and compared to a comparator group of companies, approved by Remco, in order to ensure market competitiveness. The comparator group comprises companies with a similar profile to that of the Senwes Group from an investor's perspective.

Non-executive directors' fees comprise a fixed fee for board membership, as well as additional fees for board committee participation. The fee for the vice-chairman of the board is based on a percentage of the chairman's fee, which is set at 70%. The chairmen of board committees are paid a premium commensurate with their role and as compensation for the additional responsibilities as chairmen. Non-executive directors do not participate in either the short-term or long-term incentive schemes. The out-of-pocket expenses of non-

executive directors, including travelling and accommodation expenses, are reimbursed monthly after due submission of such claims.

EXECUTIVE DIRECTORS' REMUNERATION

The primary objective is to ensure that executive directors receive remuneration which is appropriate to their scale and scope of responsibility and performance and which will attract, motivate and retain individuals of exceptional calibre and behaviour, as well as incentivise them to work in the short-term and long-term interest of the group in line with shareholders' interests. The remuneration mix of the executive directors comprises guaranteed pay, short-term and long-term incentives. Total remuneration is weighted towards variable performance-based remuneration. Appropriate benchmarking is done against applicable and selected peer groups.

GUARANTEED REMUNERATION

Remco determines executive directors' and other executives' total remuneration and reviews it at least annually, using benchmarks based on external surveys and a comparator group of companies.

The benchmarks are verified with independent HR specialist suppliers at the discretion of Remco. Guaranteed pay is positioned at the median of the relevant benchmark. Variations will occur around the median, which will be influenced by various factors, such as the strategic importance of the role, level of experience of the executive, performance record and other considerations that Remco may deem appropriate. A variance around the range of between the 40th and 60th percentile is reasonably competitive and acceptable.



SIGN-ON AND/OR RETENTION BONUS

A sign-on bonus is a once-off monetary award offered to a prospective employee as part of a larger remuneration package and as incentive to join the company. The payment may also be used to relieve the prospective employee of the financial obligations that he/she may have at his/her current employer, which will become due and payable as a result of his/her termination of employment. This obligation may serve as a disincentive for the prospective employee to leave his/her current employment.

A retention bonus is a financial incentive paid to a key employee, from time to time, to motivate him/her to remain in the employment of the company. It is a strategic tool to manage the flight risk in respect of key employees, potential successors and scarce skills. Remco, at its discretion, determines and approves or recommends to the board a special purpose bonus, applicable conditions and the quantum thereof.

SHORT-TERM INCENTIVES

Short-term incentives (STI) are paid in cash and are based on the achievement of annual targets. The STI comprises an on-target bonus and profit share where targets have been exceeded. The criteria for qualifying for short-term incentives are based on group corporate financial performance, profit and return targets and individual financial and non-financial strategic and operational performance objectives.

LONG-TERM INCENTIVES

Executive directors and other executives, as well as selected senior managers, participate in an equity-based share incentive scheme, which is used for retention as well as long-term performance incentivisation. Subject to the approval of the board, Remco, at its discretion and based on the recommendation of the CEO, allocates shares to

participants on an annual basis. The shares are forfeitable, subject to a vesting period of three years and retention and performance conditions.

Performance criteria are based on return on equity and growth on headline earnings per share (HEPS).

The shares are allocated to a Senwes Share Incentive Trust, which is governed by a board of trustees made up of three Remco-nominated trustees and one nominated by the participants.

The aggregate number of shares which may be granted in terms of the scheme, may not exceed 5% of the total issued ordinary shares of the company, from time to time, over the duration of the scheme.

The maximum number of shares awarded to any individual participant in respect of all unvested grants in terms of the scheme, shall not exceed 1% of the issued ordinary shares of the company, over the duration of the scheme, which currently equates to 1,8 million shares. Executive directors already appointed will have fixed-term contracts with possible extension of contracts, but newly appointed executive directors will be appointed on a full-time basis, as determined by Remco and approved by the board in 2018. Fixed-term contracts must be reviewed six months before the termination date to decide on extension or termination.

DISCRETION AND JUDGEMENT

The remuneration policy recognises that mechanistic and formulaic remuneration practices, whilst providing certainty and predictability, are not always appropriate in all circumstances. Remco and board discretion is important to ensure that remuneration practices and outcomes always remain appropriate, including circumstances that are not anticipated by the remuneration policy. This discretion must be exercised legally, fairly, ethically and justly.

REMUNERATION OUTCOMES 2020- 2021

1. SERVICE CONTRACTS – EXECUTIVE DIRECTORS

Current service contracts for executive directors:

Position	Contract
Chief Executive Officer	A three-year fixed contract expiring 31/07/2022
Chief Financial Officer	A three-year fixed contract expiring 31/01/2023

1.1 REMUNERATION OUTCOME - F STRYDOM (CHIEF EXECUTIVE OFFICER)

The 2020-2021 financial year was without doubt a year that required exceptional leadership and significant sense of purpose and strategy from group leadership. Group CEO, Francois Strydom, showed courageous and influential leadership with an unwavering commitment to deliver a set of results that focused on integration and created a seamless customer experience whilst leading the group to an exceptional result.

Apart from the group leadership, Francois also continues to provide industry direction and guidance as Agbiz chairman. Francois' leadership encompasses the political, commercial and social spheres of his role where his influence is greatly respected both in industry and within the group.

Based on this performance, the committee agreed to award the following remuneration:

F Strydom (Chief Executive Officer)

	2021	2020
Guaranteed remuneration and retention	5 988 240	5 713 282
Total STI-payment	7 146 060	2 324 960
Total LTI expense	3 109 089	4 209 570

1.2 REMUNERATION OUTCOME - CF KRUGER (CHIEF FINANCIAL OFFICER)

Corné Kruger, Group Chief Financial Officer, equally so, has provided unwavering and exceptional leadership and successfully led the implementation and governance of group activities during the 2020-2021 financial year.

Corné has completed his 11th year as Group Chief Financial Officer. An exemplary and consistently stable performance delivered in a difficult Covid-influenced environment, whilst structuring various opportunities, mergers and acquisitions and guiding the group through the extended effects of the financial disruptions which the continuing Covid-outbreak creates, reflects Corné's work in efficiently allocating capital and risk appetite despite a difficult operating environment.

The committee considered this performance in view of both the quantity and quality of the work done with regards to the group's results.

CF Kruger (Chief Financial Officer)

	2021	2020
Guaranteed remuneration and retention	3 629 815	3 597 662
Total STI-payment	4 241 072	1 565 042
Total LTI expense	1 495 452	2 036 246

1.3 POLICY ON EXTERNAL NON-EXECUTIVE DIRECTOR APPOINTMENT

Executive directors may, at the discretion and upon approval of the board, accept an appointment as non-executive directors in external companies.

2. REMUNERATION - NON-EXECUTIVE DIRECTORS

The non-executive directors' fee proposals were evaluated by Remco and no annual increases were awarded in respect of the chairman's fee, board fees and committee fees in the light of the Covid-19 pandemic during the 2021 financial year.

Non-executive	2021			2020		
	Total directors' remuneration	Remuneration	Travelling and accommodation expenses	Total directors' remuneration	Remuneration	Travelling and accommodation expenses
SF Booyesen	962 896	960 485	2 411	1 018 818	1 001 756	17 062
JB Botha	-	-	-	221 197	218 994	2 203
VJ Klein	587 325	584 772	2 553	368 082	356 956	11 126
AJ Kruger	962 306	958 532	3 774	951 535	939 113	12 422
NDP Liebenberg	981 559	979 279	2 280	966 459	957 905	8 554
JS Marais	785 772	782 733	3 039	505 943	490 980	14 963
JDM Minnaar	1 639 368	1 631 873	7 495	1 585 899	1 537 394	48 505
JJ Minnaar	711 104	709 483	1 621	659 849	648 411	11 438
SM Mohapi	498 322	496 661	1 661	499 696	484 883	14 813
JPN Stander	711 551	704 045	7 506	503 700	465 377	38 323
TF van Rooyen	269 224	267 684	1 540	628 760	625 148	3 612
WH van Zyl	702 606	697 298	5 308	742 792	731 748	11 044
AG Waller	365 927	365 927	-	119 072	119 072	-
FE Marx	184 281	182 964	1 317	-	-	-
GL Malherbe	297 191	287 636	9 555	-	-	-
JJ Viljoen	284 959	284 667	292	-	-	-
Total	9 944 391	9 894 039	50 352	8 771 802	8 577 737	194 065

SUMMARY OF REMCO ACTIVITIES

The subject of remuneration features high on the corporate governance agenda, amongst top issues such as strategy, risk and compliance management, financial performance, operational efficiencies and talent and leadership succession. Key matters relating to remuneration are reward and performance alignment, wage gaps and income differentials. Remco has these issues on its radar and evaluates them on an ongoing basis.

Remco considered the following and approved or accordingly recommended it to the board for approval:

- The committee reviewed and approved the remuneration philosophy, policy, strategy and practices and is satisfied that the remuneration framework is appropriate for the achievement of organisational objectives of attracting and retaining the best talent and motivating performance and desired behaviour. No changes were made to the short and long-term incentive schemes;
- The committee reviewed the salaries of executive directors and all staff and recommended the “no increase proposal” from the Senwes Group Exco in respect of general salary and wage increases for approval by the board;
- The committee considered the payment of short-term incentives based on the rules of the scheme, the achievement of set objectives and was satisfied that rules are being complied with and with the accuracy of the performance measures and incentive amounts to be paid;
- The committee approved long-term incentive awards, as well as the payment of vesting incentives in line with the retention and

performance conditions as set out in the rules of the LTI-scheme;

- The committee approved participants in the equity-based long-term incentive scheme as well as the number of shares allocated to each participant;
- The committee reviewed and approved the succession plans for senior management, including emergency cover, continuity plans and development plans for current as well as potential successors and took note of the overall organisational succession plans;
- The committee reviewed the group’s performance with regards to employment equity in line with the approved talent diversification and employment equity strategy and plan, as well as compliance with the Employment Equity Act; and
- The committee reviewed the contracts of both the chief executive officer and chief financial officer in 2019 respectively. Both contracts were renewed by the board for a term of three years, as indicated above.

Matters which were considered during the year under review and changed with a view to the future:

- *External review of the LTI scheme including allocation, goalsetting and vesting conditions.

LOOKING FORWARD

The committee continues to believe that the remuneration policy supports the strategic imperatives of the group. The committee welcomes the transparency required in terms of the King IV report and the committee endeavours to meet the requirements via this remuneration report.

