

# REMUNERATION REPORT

## REPORT FROM THE REMUNERATION COMMITTEE

### 1. REMUNERATION WITHIN AN INVESTMENT HOLDING COMPANY

PSG Group Ltd ("PSG Group") is an investment holding company with approximately 91% of its investment value represented by independently managed exchange-listed investments, each with its own remuneration committee and policy designed specifically for its business and the industry in which it operates.

An investment holding company is distinctly different from an operational company. It has limited day-to-day operations and its primary focus is to make and help grow investments that will procure long-term value creation for shareholders. The remuneration policy for such an investment holding company therefore needs to be conducive to driving long-term focus and decision-making in order to achieve the company's objectives. Accordingly, the primary responsibilities of the PSG Group Remuneration Committee ("PSG Group Remcom" or "Remcom" or "Committee") are to:

- Oversee the remuneration and incentives of PSG Group's executive directors and other key employees at head office to ensure it is fair and responsible toward such individuals as well as the company (i.e. shareholders and other stakeholders);
- Review PSG Group's non-executive directors' fees and make appropriate recommendations to shareholders for approval thereof; and
- Provide guidance to the remuneration committees of unlisted companies forming part of the broader PSG Group.

The PSG Group Remcom comprises three independent non-executive directors – KK Combi, Chris Otto and me as chairman. After comprehensive prior consultation with management, the Committee held one formal meeting during the past year on 28 February 2022, and all members were present.

### 2. PSG GROUP'S REMUNERATION PHILOSOPHY

PSG Group aims to align remuneration practices with its business strategies to deliver on its stated objective of long-term value creation for all shareholders through a combination of share price appreciation, cash dividends and other distributions, as circumstances may dictate.

Remuneration practices should always be fair and responsible to both the employee and the company (i.e. shareholders and other stakeholders), whilst continuously reporting thereon in a transparent manner.

PSG Group has provided its shareholders with superior returns over the past 26 years since establishment. Long-term value creation will always depend on, amongst other, PSG Group attracting and retaining the services of talented individuals. To do so, it is imperative that PSG Group's remuneration practices are appropriate and competitive.

PSG Group's three executive directors have each served in their respective current roles for at least 12 years. Over such period, PSG Group's total return index ("TRI") is 28% per annum. Shareholders have accordingly benefited significantly from the value created, while executive directors have been remunerated commensurately through both their shareholding and long-term incentives due to their interests being materially aligned with those of shareholders.

### 3. KEY FEATURES OF PSG GROUP'S REMUNERATION POLICY

The Remcom previously introduced an appropriate remuneration policy for PSG Group's head office employees (including PSG Group's executive directors) to help drive long-term focus and decision-making in order to ultimately deliver on PSG Group's stated objective of long-term value creation for shareholders.

PSG Group's most significant successes to date emanated from early-stage investing – Capitec and PSG Konsult are prime examples. As with any start-up business, it will likely take years to determine success, and it is accordingly imperative for management to maintain a long-term focus to help achieve this objective. It would be irrational to remunerate management based on meeting short-term operational targets or when making new investments while the ultimate success thereof is still unknown. PSG Group's remuneration policy has consequently been designed to suitably align the interests of its employees with those of shareholders – if PSG Group shareholders do well, the employees will do well, and importantly so, vice versa.

The table below lists some of the key features of PSG Group's remuneration policy and cross references to the relevant sections of the remuneration policy:

| Key feature   |   | Page |
|---|---|------|
| <b>Short-term incentives ("STI")</b>  |   |      |
| Benchmarking of base salaries   | ✓ | 40   |
| Portion of base salary deferred for 12 months   | ✓ | 40   |
| Subject to malus/clawback provisions  | ✓ | 40   |
| No bonus payments to CEO, CFO and managers  | ✓ | 41   |
| <b>Long-term incentives ("LTI") (share options)</b>   |   |      |
| Share options awarded at ruling market price – i.e. participants will only realise value if there is share price appreciation                 | ✓ | 42   |
| Vesting occurs over time  | ✓ | 42   |
| Vesting subject to <i>financial</i> performance measures  | ✓ | 42   |
| Vesting subject to <i>non-financial</i> personal key performance measures   | ✓ | 43   |
| Award and vesting subject to minimum shareholding requirements for executive directors (including CEO and CFO), as well as other participants | ✓ | 44   |
| Subject to malus/clawback provisions  | ✓ | 44   |

#### 4. VOTING AT THE PREVIOUS ANNUAL GENERAL MEETING ("AGM")

As prescribed by the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") and required by the JSE Listings Requirements, PSG Group presented its remuneration policy and the implementation report thereon to shareholders for *non-binding* advisory votes at its previous AGM held on 9 July 2021. Shareholders representing 80,9% of the total votes exercisable were in attendance, whether in person, by proxy or authorised representative, and the results of their voting were:

| Resolution   | For   | Against |
|--|-------|---------|
| <i>Non-binding</i> endorsement of remuneration policy                              | 85,3% | 14,7%   |
| <i>Non-binding</i> endorsement of implementation report on the remuneration policy | 97,7% | 2,3%    |

#### 5. PSG GROUP'S REMUNERATION POLICY AND VOTING AT UPCOMING AGM

As announced on SENS on 1 March 2022 and also 25 April 2022, PSG Group has proposed the PSG Group Restructuring (as detailed in the *Letter to Shareholders* on page 6) as major value-unlocking initiative.

Considering the recent shareholder support obtained for PSG Group's remuneration policy and implementation report thereon and that it remains conducive to delivering on PSG Group's stated objective of long-term value creation for shareholders, and given that the PSG Group Restructuring remains subject to aforementioned approvals and other conditions precedent, the Remcom has decided against making any changes to PSG Group's existing remuneration policy or implementation report thereon at this time.

Both PSG Group's remuneration policy and its implementation report thereon will again be presented to shareholders for separate *non-binding* advisory votes at PSG Group's upcoming AGM to be held on 7 October 2022. In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report thereon at the meeting, PSG Group will engage with such shareholders through dialogue, requesting written submissions or otherwise, in order to address their concerns, always with due regard to meeting PSG Group's stated business objectives while being fair and responsible toward both the employees and shareholders.

However, should the PSG Group Restructuring be approved and implemented prior to PSG Group's upcoming AGM to be held on 7 October 2022, then only the Remaining Shareholders will be entitled to attend and vote at such AGM.

## REMUNERATION REPORT *(continued)*

### 6. CEO VERSUS EMPLOYEE PAY

Given the nature of an investment holding company's operations, the vast majority of PSG Group's head office employees are highly skilled and trained individuals, which include chartered accountants, an engineer, and a mathematician. These individuals are remunerated accordingly and therefore the difference in the average annual base salary of an employee and that of PSG Group's CEO is relatively low when compared to operational companies in particular. The table below sets out the calculation hereof:

| <b>Annual base salary (STI)*</b>                  | <b>2022<br/>R'000</b> |
|---|-----------------------|
| CEO   | 12 383                |
| Average pay for employees (excl. the CEO)         | 2 233                 |
| <b>Times</b>                                      | <b>5,5</b>            |
| CEO   | 12 383                |
| Average pay for employees (excl. the CEO and CFO) | 1 387                 |
| <b>Times</b>                                      | <b>8,9</b>            |

\* Excluding all PSG Capital employees.

### 7. DEVELOPMENT AND RETENTION OF TALENT

The development and retention of talent are of paramount importance to PSG Group, especially considering the small number of employees (only 12) employed at a head office level and the significance of employee continuity considering PSG Group's long-term value-creation objective.

### 8. TRANSFORMATION

Transformation in PSG Group's workplace remains a priority and preference is always given to transformation candidates should a vacancy arise for whatever reason.

In summary – the Committee believes that PSG Group's remuneration policy is ideal for an investment holding company with a long-term value-creation objective, is more stringent than that of most comparable companies in nature and size and is fair and responsible to both the individual and shareholders. The Committee accordingly urges shareholders to consider PSG Group's remuneration report in detail and in context, and to support the non-binding advisory votes on its remuneration policy and implementation report thereon at PSG Group's upcoming AGM, to the extent that they are eligible to attend and vote thereon with reference to the PSG Group Restructuring. The Committee remains committed to ongoing consultation on an individual shareholder level and welcomes any constructive input from shareholders throughout the year.



**PE Burton**  
Remcom Chairman

Stellenbosch  
21 June 2022

## REMUNERATION POLICY

### 1. PROVIDING CONTEXT TO PSG GROUP'S OPERATIONS AT HEAD OFFICE LEVEL

- 1.1 As at 28 February 2022, the total employees at head office level, including the three PSG Group executive directors, comprised 25 individuals. However, 13 of these individuals work in the PSG Capital corporate finance advisory division, with only the remaining 12 employees being dedicated full-time to the day-to-day running of PSG Group and PSG Alpha. These 12 individuals comprise the PSG Group CEO and CFO, three managers and seven support staff providing finance, information technology and general administrative support services. It is important to note that PSG Group makes use of PSG Capital's corporate finance and advisory services, thereby allowing PSG Group to have a small staff complement.
- 1.2 The PSG Capital corporate finance division provides professional services to PSG Group, its investees and to third parties. Considering the extensive services rendered to third parties, this division operates in terms of a revenue-sharing arrangement whereby the division is entitled to a percentage of fee income generated, while being responsible for carrying all its operating and employment costs (apart from 25% of Johan Holtzhausen's base salary cost detailed below). The remaining balance essentially constitutes a bonus pool available for distribution to such division's employees, serving as both an incentive and a retention mechanism with a percentage of such bonuses generally deferred and being subject to the employee remaining in this division's service. In the event that such balance is negative (i.e. should the division make a loss) at financial year-end, the division must first generate sufficient future profits to eliminate the loss before its employees become eligible for bonuses again.
- 1.3 Johan Holtzhausen, an executive director of PSG Group, is employed as CEO of the PSG Capital corporate finance division. His total remuneration and incentives are determined by the Remcom, similarly to that of PSG Group's CEO and CFO. PSG Group carries 25% of his base salary per annum for services rendered to PSG Group (including, but not limited to, his contribution as member of the PSG Group Executive Committee and the PSG Group Board), while the balance of his employment costs is borne by the PSG Capital corporate finance division – including any costs associated with his PSG Group share option awards, as well as any discretionary bonus as determined in accordance with their aforementioned revenue-sharing arrangement.
- 1.4 Accordingly, the PSG Group head office's operating and employment costs are limited to that of the aforementioned 12 employees and 25% of Johan Holtzhausen's base salary. For the year ended 28 February 2022, PSG Group's total head office operating and employment costs (net of fee and other income generated, but excluding underwriting and commitment fees earned) amounted to 0,05% (2021: 0,36%) of PSG Group's *SOTP value* as at the reporting date. This percentage remains significantly lower than the management fees (including performance fees) generally charged to investors in the local asset management industry. In the case of flexible funds for example, it is generally in excess of 1% per annum. In addition, PSG Group is arguably much more actively involved in the management and growing of its underlying investments compared to the local asset management industry.

## REMUNERATION REPORT *(continued)*

### 2. COMPONENTS OF REMUNERATION

- 2.1 The remuneration of the aforementioned 12 PSG Group employees is reviewed annually by the Remcom, which seeks to ensure that balance is maintained between the respective remuneration components (i.e. short-term ("STI") versus long-term ("LTI"), and fixed versus variable), being:

| Group                     | Number of employees | Focus   | Strategic view     | Remuneration component   | Longest period of remuneration deferral |
|---------------------------|---------------------|---|--------------------|--|---|
| CEO and CFO               | 2                   | Formulate, drive and oversee implementation of strategy | Longest term       | Base salary (STI) and share options (LTI)                            | Five years                              |
| Managers                  | 3                   | Strategy implementation                                 | Long term          | Base salary (STI) and share options (LTI)                            | Five years                              |
| Other staff (group no. 1) | 1                   | Operational   | Short to long term | Base salary (STI), discretionary bonus (STI) and share options (LTI) | Five years                              |
| Other staff (group no. 2) | 6                   | Support   | Short term         | Base salary and discretionary bonus (both STI)                       | One year                                |
| <b>Total</b>              | <b>12</b>           |   |                    |  |   |

- 2.2 Total remuneration incorporates the following components:

#### Fixed remuneration

##### Base salary (STI)

- 2.2.1 Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 March of each year, coinciding with the commencement of PSG Group's financial year. Benchmarking is performed to ensure that remuneration is market-related with reference to companies comparable in nature, business complexity and the level of responsibility that the individual assumes.
- 2.2.2 The payment of 30% of the CEO, CFO and managers' annual base salary is deferred for a period of 12 months, with such deferred payment being subject to:
- 2.2.2.1 The individual being in PSG Group's service 12 months later, thereby serving as a retention mechanism in addition to the share incentive scheme (LTI) detailed below; and
- 2.2.2.2 Malus/clawback provisions in the event of the wilful material misstatement of financial results or fraudulent activity for a further 12 months after payment of the 30% deferred portion to the individual. If triggered, such malus/clawback provisions would require that the total deferred salary amount received by the individual during the preceding 12 months be repaid to PSG Group; and
- 2.2.2.3 Meeting *non-financial* personal key performance objectives, with those of the CEO and CFO detailed below.
- 2.2.3 Benefits, forming part of total cost to company, are limited to:
- 2.2.3.1 Group life cover (providing death, disability and dread disease benefits);
- 2.2.3.2 Membership to a retirement fund; and
- 2.2.3.3 Membership to a medical aid scheme.

## Variable remuneration

### Discretionary bonuses (STI)

- 2.2.4 The CEO, CFO and managers do not qualify for discretionary bonuses.
- 2.2.5 Johan Holtzhausen, an executive director of PSG Group, remains eligible for a discretionary bonus exclusively in terms of PSG Capital's aforementioned revenue-sharing arrangement as its CEO.
- 2.2.6 PSG Group's operational and support staff remain eligible for discretionary bonuses, subject to meeting both company (i.e. *financial*) and personal (i.e. *non-financial*) performance objectives.

### Share incentive scheme (LTI)

- 2.2.7 PSG Group shareholders adopted a share incentive scheme at PSG Group's AGM held on 19 June 2009, and subsequently approved amendments thereto at PSG Group's AGMs held on 22 June 2018 and 9 July 2021, respectively.
- 2.2.8 In terms of the share incentive scheme, PSG Group share options are awarded to PSG Group's executive directors (being the CEO, CFO and Johan Holtzhausen), managers and other qualifying employees with the primary objectives of retaining their services and to align their interests with those of shareholders.
- 2.2.9 A key feature of PSG Group's share incentive scheme is that participants will only benefit if there is long-term share price appreciation, driven largely by long-term growth in PSG Group's *SOTP value* per share. This should ultimately depend on sustained *recurring earnings* per share growth from PSG Group's underlying investee companies, management's ability to continuously invest in and help build new businesses with attractive long-term growth prospects, as well as to pursue value-unlocking initiatives when opportune. In line with shareholders, participants in the share incentive scheme will consequently share in the results of any good or bad business decisions.
- 2.2.10 Importantly, the share incentive scheme also ensures a rolling long-term focus for participants, considering the:
  - 2.2.10.1 Annual vesting of share options in 25%-tranches on each of the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> anniversary of the award date, subject to meeting the required *financial* performance measures of which PSG Group's *TRI financial* performance hurdle is measured over a rolling five-year period; and
  - 2.2.10.2 Annual share option top-up awards, as detailed below.

### Award

- 2.2.11 Share options are awarded annually (usually at 28 February) at the discretion of the Remcom, but subject to:
  - 2.2.11.1 The participant meeting his/her *non-financial* personal key performance measures; and
  - 2.2.11.2 The participant meeting the minimum shareholding requirement; and
  - 2.2.11.3 Malus/clawback provisions.
- 2.2.12 Such number of share options to be awarded is calculated using a mathematical formula based on the respective participant's base salary and a multiple (ranging between 1x and 10x depending on the participant's seniority and accordingly the level of responsibility assumed within the organisation) applied thereto. In calculating the annual share option top-up awards, the strike value of previously awarded but unvested share options are taken into account.
- 2.2.13 Considering the pending PSG Group Restructuring, no share option top-up awards were made as at 28 February 2022. However, should the PSG Group Restructuring fail to materialise, the Remcom will then need to make share option top-up awards at such time, whereafter it will continue with annual share option top-up awards at 28 February 2023 on the same basis as usual and detailed above.

## REMUNERATION REPORT *(continued)*

2.2.14 All share options are awarded at a strike price equal to PSG Group's 30-day volume weighted average traded share price immediately preceding such award date (i.e. awarded at the ruling market price), thereby creating an embedded performance hurdle whereby participants will only benefit from the share incentive scheme if there is long-term share price appreciation and thus value creation for all PSG Group shareholders.

### **Vesting**

2.2.15 Share options vest over a five-year period in 25%-tranches on each of the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> anniversary of the award date. The vesting of such 25% tranches in respect of share options awarded from 28 February 2018 onwards will occur as follows:

2.2.15.1 40% of share options will vest on a linear basis as detailed below, and be subject to the following conditions:

- The participant remaining in service; and
- The participant meeting his/her *non-financial* personal key performance measures; and
- PSG Group meeting its *TRI financial* performance measure in terms of which its *TRI*, as measured over the five years immediately preceding such vesting date (the *TRI* measurement is over a rolling five-year period due to the vesting of any PSG Group share option award occurring over a five-year period), must outperform the average *TRI* measured over the same period of a peer group of JSE-listed companies that share similar traits to PSG Group and its investees (such peer group include investment holding companies Remgro, Hosken Consolidated Investments, Kap Industrial Holdings and Long4Life, as well as Alexander Forbes Group Holdings (financial services provider operating in a similar segment as PSG Konsult), Advtech (private education provider operating in a similar segment as Curro) and Hyprop Investments (SA-focused property company, with the likes of Curro and Evergreen having a significant property underpin)); and
- The participant meeting the minimum shareholding requirement; and
- Malus/clawback provisions.

2.2.15.2 40% of share options will vest as detailed below, and be subject to the following conditions:

- The participant remaining in service; and
- The participant meeting his/her *non-financial* personal key performance measures; and
- PSG Group meeting its head office costs *financial* performance measure whereby its total head office operating and employment costs (net of fee and other income generated, but excluding underwriting and commitment fees earned) for the preceding financial year expressed as a percentage of PSG Group's *SOTP value* upon such vesting date, need to be less than the average *total expense ratio ("TER")* of South African flexible collective investment schemes (i.e. flexible funds); and
- The participant meeting the minimum shareholding requirement; and
- Malus/clawback provisions.

- 2.2.15.3 20% of share options will vest as detailed below, and be subject to the following conditions:
- The participant remaining in service; and
  - The participant meeting his/her *non-financial* personal key performance measures; and
  - PSG Group meeting its gearing *financial* performance measure whereby its total *SOTP* debt needs to be less than 20% of its total *SOTP* assets (i.e. a maximum gearing level of 20%) upon such vesting date; and
  - The participant meeting the minimum shareholding requirement; and
  - Malus/clawback provisions.
- 2.2.16 Share options which are subject to the *TRI financial* performance measure (refer to paragraph 2.2.15.1 above) will vest in accordance with the following linear vesting model:
- 2.2.16.1 No share options will vest if PSG Group's *TRI* is less than 80% of that of the peer group; and
- 2.2.16.2 Linear vesting will apply such that:
- 30% of share options will vest if PSG Group's *TRI* is 80% of that of the peer group;
  - 100% of share options will vest if PSG Group's *TRI* is 120% of that of the peer group;
- with PSG Group and the respective peer group companies' *TRIs* measured over the five years immediately preceding such vesting date.
- 2.2.17 In the event of any major corporate action, the Remcom will duly re-evaluate the reasonability of the *financial* performance measures for purposes of the LTI.

***Non-financial personal key performance measures***

- 2.2.18 The table below sets out the various *non-financial* personal key performance measures forming part of the CEO and CFO roles (with some overlapping responsibilities), as well as the respective weightings of such *non-financial* personal key performance measures:

|   | Weighting (%) |            |
|---|---------------|------------|
|   | CEO           | CFO        |
| Formulating strategy and providing strategic guidance and direction throughout the broader group, including problem-solving when needed   | 40            | 25         |
| Assessing investment/divestment opportunities for PSG Group and its investees   | 20            | 5          |
| Implementation of investment/divestment decisions taken by the PSG Group Executive Committee/Board  | –             | 5          |
| Ensuring that sound corporate governance is entrenched at PSG Group and its investees – including maintaining a strong internal financial control environment and appropriate risk management processes, as well as promoting transformation throughout the group | 10            | 20         |
| Financial reporting and shareholder communication in a transparent, accurate, concise and timely manner   | 5             | 15         |
| Maintaining investor relations in a professional and transparent fashion  | 10            | 5          |
| Managing PSG Group's capital structure and resources in a responsible and effective manner, while enhancing shareholder returns   | 15            | 25         |
| <b>Total</b>  | <b>100</b>    | <b>100</b> |

## REMUNERATION REPORT *(continued)*

### **Minimum shareholding requirements**

- 2.2.19 The Remcom encourages management to hold shares in PSG Group to better align their interests with those of shareholders, and as a tangible demonstration of their commitment to PSG Group. Accordingly, both the award and vesting of share options are subject to meeting the following minimum shareholding requirements:
- 2.2.19.1 *Executive directors*: must hold PSG Group shares on such award/vesting date to the value of at least 300% (CEO) or 200% (other executive directors) of his/her current base salary.
- 2.2.19.2 *Other participants*: with effect from 28 February 2022, the award and vesting of such participants' share options are subject to the participant retaining at least 60% of all PSG Group shares delivered to him/her on or after 28 February 2021 by way of the exercise of share options on a net-equity-settled basis.
- 2.2.20 In the case of a new executive director being appointed, the Remcom will allow sufficient time for such director to reach the required minimum shareholding level.
- 2.2.21 In the event of any major corporate action, the Remcom will duly re-evaluate the reasonability of the minimum shareholding requirement applicable to executive directors for the LTI.

### **Exercise of share options**

- 2.2.22 Participants to the SIT have a 180-day period following vesting date in which to exercise share options. Such period may under certain circumstances be extended with the permission of the SIT trustees, for example when in a closed period.
- 2.2.23 Where malus/clawback provisions apply in the event of a participant being found guilty of the wilful material misstatement of financial results or other fraudulent activity, such participant will be liable to repay PSG Group the after-tax gain made pursuant to the vesting and exercise of his/her share options during such period of the transgression.
- 2.2.24 The SIT no longer provides loan funding to participants to assist them with the exercise of share options.
- 2.2.25 Should the participant not be able to exercise his/her share options on a cash basis (i.e. full settlement of the strike value plus any Section 8C income tax payable on the unrealised gain upon exercise of such share options), the share options will be settled on a "net-equity basis" (i.e. the participant's after-tax upside will be settled through the issue of fully paid-up PSG Group shares to the participant, and PSG Group will pay the related Section 8C income tax payable in cash to SARS on the participant's behalf).
- 2.2.26 As an alternative to issuing shares to settle its obligation to participants, PSG Group in its sole discretion has the option to settle such obligation in cash, provided that the participant will remain in compliance with the minimum shareholding requirement.

### **Termination of service**

- 2.2.27 In the case of resignation, dismissal or early retirement of a participant (i.e. bad leaver), unvested share options are generally forfeited.
- 2.2.28 In the case of the death, permanent disability, compulsory retirement or retrenchment of a participant (i.e. good leaver), share options capable of being exercised within a period of 12 months thereafter, will generally continue to be exercisable provided it is exercised during such 12 months.
- 2.2.29 However, in the case of the termination of employment for any reason other than dismissal, the Remcom may in its absolute discretion permit the exercise of any unvested share options upon such additional terms and conditions as it may determine (e.g. as part of non-compete provisions in the case of early retirement of key management).

### 3. TERMINATION OF EMPLOYMENT BENEFITS

PSG Group employees are not entitled to any payments upon termination of their service, except for those provided for in law (e.g. accrued annual leave and retrenchment payments).

### 4. GENDER PAY PARITY

PSG Group fully subscribes to the equal pay for work of equal value philosophy, and consequently there is no pay differentiation on the basis of gender.

### 5. NON-EXECUTIVE DIRECTORS

The remuneration of non-executive directors is reviewed annually by the PSG Group Executive Committee and thereafter referred to the Remcom, which seeks to ensure that fees are fair considering the nature of PSG Group's operations, for formal approval by shareholders. Changes to the fee structure are generally effective 1 March, subject to approval by shareholders at PSG Group's next AGM. The annual fees payable to non-executive directors are, as in the past, fixed and not subject to the attendance of meetings. However, in the event of non-attendance on a regular basis, this will be reconsidered.

The proposed fee structure of PSG Group's non-executive directors for the financial year ending 28 February 2023, which will be presented to shareholders for approval, is set out in the table below (excluding value-added tax, to the extent applicable):

|                                       | Annual<br>fee<br>2022<br>R | Annual<br>fee<br>2023<br>R | Change<br>% |
|---------------------------------------|----------------------------|----------------------------|-------------|
| PSG Group Board                       |                            |                            |             |
| Chairman                              | 676 000                    | <b>716 560</b>             | 6           |
| Member                                | 276 900                    | <b>293 510</b>             | 6           |
| PSG Group Audit and Risk Committee    |                            |                            |             |
| Chairman                              | 193 830                    | <b>205 460</b>             | 6           |
| Member                                | 166 140                    | <b>176 110</b>             | 6           |
| PSG Group Remuneration Committee      |                            |                            |             |
| Chairman                              | 83 070                     | <b>88 050</b>              | 6           |
| Member                                | 55 380                     | <b>58 700</b>              | 6           |
| PSG Group Social and Ethics Committee |                            |                            |             |
| Chairman                              | 33 230                     | <b>35 220</b>              | 6           |
| Member                                | 22 150                     | <b>23 480</b>              | 6           |

PSG Group pays all reasonable travelling and accommodation expenses incurred by non-executive directors to fulfil their duties and responsibilities, including the attendance of board and committee meetings.

Apart from Mr FJ Gouws as CEO of PSG Konsult, PSG Group's non-executive directors do not have any employment contracts, nor receive any benefits associated with permanent employment in the group. None of PSG Group's non-executive directors participate in PSG Group's share incentive scheme.

# REMUNERATION REPORT *(continued)*

## IMPLEMENTATION REPORT

The Remcom confirms that PSG Group has in all respects complied with its remuneration policy for the year ended 28 February 2022.

All components of remuneration paid to PSG Group's executive and non-executive directors in accordance with PSG Group's remuneration policy are comprehensively disclosed and reported on herein.

### 1. EXECUTIVE DIRECTORS' REMUNERATION

The *non-financial* personal key performance measures for the PSG Group CEO and CFO are detailed in PSG Group's remuneration policy on page 43. The table below sets out such *non-financial* personal key performance measures, as well as the Remcom's assessment and rating of the performance of the CEO and CFO there against.

| <b>Non-financial personal key performance measure and assessment</b>  | <b>Weighting (%)</b> |            | <b>Rating (%)</b> |            |
|---|----------------------|------------|-------------------|------------|
|   | <b>CEO</b>           | <b>CFO</b> | <b>CEO</b>        | <b>CFO</b> |
| <p><i>Formulating strategy and providing strategic guidance and direction throughout the broader group, including problem-solving when needed</i></p> <p>The Remcom is satisfied that PSG Group continues to be suitably guided by the CEO and CFO:</p> <ul style="list-style-type: none"> <li>PSG Group's ultimate objective remains continued shareholder wealth creation, driven through a relentless focus by management on sustained growth in the underlying investee companies, as well as pursuing value-unlocking strategies – again being evident considering the PSG Group Restructuring as major value-unlock initiative.</li> <li>PSG Group's most significant successes have stemmed from early-stage investing whereby it built businesses alongside entrepreneurs from the development stage – this remains a key focus area.</li> <li>The CEO and CFO also continuously provide strategic guidance to PSG Group's core investee companies where needed and assist with problem solving when necessitated. This is also evident in the key role that the CEO and CFO continue to play to proactively help identify and address the various challenges brought about by the Covid-19 pandemic at both a PSG Group and investee company level.</li> </ul> <p>For more detail, also refer to the <i>Letter to Shareholders</i> (page 6) and <i>Review of Operations</i> (page 11).</p> | 40                   | 25         | 100               | 100        |
| <p><i>Assessing investment/divestment opportunities for PSG Group and its investees</i></p> <p>The Remcom is satisfied that the CEO and CFO suitably assess investment opportunities (whether accepted or rejected) for PSG Group and its investees in accordance with its investment strategy.</p> <p>Furthermore, the CEO and CFO continue to identify, formulate and drive certain potential value-unlocking strategies. In this regard, the CEO and CFO have been instrumental in formulating the PSG Group Restructuring whereby significant value will be unlocked for PSG Group shareholders if successfully concluded.</p>  | 20                   | 5          | 100               | 100        |

| <b>Non-financial personal<br/>key performance measure and assessment</b>   | <b>Weighting (%)</b> |            | <b>Rating (%)</b> |            |
|--|----------------------|------------|-------------------|------------|
|  | <b>CEO</b>           | <b>CFO</b> | <b>CEO</b>        | <b>CFO</b> |
| <p><i>Implementation of investment/divestment decisions taken by the PSG Group Executive Committee/Board</i></p> <p>Any investment/divestment decisions taken by the PSG Group Executive Committee/Board are implemented appropriately – timely and in accordance with the relevant IFRS accounting principles and legal and tax advice obtained.</p>  | –                    | 5          | –                 | 100        |
| <p><i>Ensuring that sound corporate governance is entrenched at PSG Group and its investees – including maintaining a strong internal financial control environment and appropriate risk management processes, as well as promoting transformation throughout the group</i></p> <p>The Remcom is satisfied that the CEO and CFO continue to play an integral part in the ongoing entrenchment of good corporate governance throughout the group, with details thereof reported throughout this annual report:</p> <ul style="list-style-type: none"> <li>• PSG Group remains committed to exercising ethical and effective leadership to achieve the four governance outcomes: ethical culture, good performance, effective control and legitimacy.</li> <li>• It is further evident from the way in which PSG Group conducts its business – in an open, honest and ethical manner.</li> <li>• This includes, but is not limited to, concerted efforts to promote transformation within PSG Group and its investee companies, as well as at PSG Group board level.</li> </ul> <p>For more detail, refer to the corporate governance section of the <i>Environmental, Social and Governance Report</i> (page 27).</p> | 10                   | 20         | 100               | 100        |
| <p><i>Financial reporting and shareholder communication in a transparent, accurate, concise and timely manner</i></p> <p>The Remcom is satisfied that PSG Group’s ongoing financial reporting and shareholder communication are of the highest standard – always transparent, accurate, concise, relevant and timely. This is evident from:</p> <ul style="list-style-type: none"> <li>• All correspondence, be it internal or external.</li> <li>• Our annual report and the numerous announcements made by way of SENS and newspaper publications, also being available on PSG Group’s website.</li> </ul>   | 5                    | 15         | 100               | 100        |
| <p><i>Maintaining investor relations in a professional and transparent fashion</i></p> <p>The Remcom is satisfied that the CEO and CFO continue to maintain PSG Group’s investor relations in a professional and transparent fashion:</p> <ul style="list-style-type: none"> <li>• PSG Group’s interim and year-end results are formally presented to investors bi-annually.</li> <li>• Investors are provided with formal feedback at PSG Group’s AGM.</li> <li>• Investor presentations are made to local and international investor conferences.</li> <li>• Regular ad hoc meetings are held locally at the request of predominantly local and international institutional investors.</li> </ul> <p>For more detail, refer to PSG Group’s website at <a href="http://www.psggroup.co.za">www.psggroup.co.za</a> containing the presentations made to investors.</p>   | 10                   | 5          | 100               | 100        |

## REMUNERATION REPORT *(continued)*

| <b>Non-financial personal<br/>key performance measure and assessment</b>   | <b>Weighting (%)</b> |            | <b>Rating (%)</b> |            |
|--|----------------------|------------|-------------------|------------|
|  | <b>CEO</b>           | <b>CFO</b> | <b>CEO</b>        | <b>CFO</b> |
| <p><i>Managing PSG Group's capital structure and resources in a responsible and effective manner, while enhancing shareholder returns</i></p> <p>The Remcom is satisfied that PSG Group's capital structure and resources continue to be managed in a responsible and effective manner:</p> <ul style="list-style-type: none"> <li>• Capital is always allocated with due regard to enhancing shareholder returns, while managing the associated risk appropriately.</li> <li>• There is a relentless focus on effective cash flow management and planning on both a current and forward-looking basis to ensure a healthy liquidity position, which remains a key priority and entrenched in the PSG Group culture.</li> <li>• PSG Group maintains a conservative gearing policy.</li> <li>• During the year under review, PSG Group settled its only remaining funding obligation being the perpetual (i.e. non-redeemable) preference shares previously issued by PSG Financial Services.</li> </ul> <p>For more detail, refer to the <i>Letter to Shareholders</i> (page 6) and <i>Review of Operations</i> (page 11).</p> | 15                   | 25         | 100               | 100        |
| <b>Weighted average rating (%)</b>   |                      |            | <b>100</b>        | <b>100</b> |

## 1.1 Total (single-figure) remuneration

The table below provides information on the total ("single-figure" as contemplated in King IV™) remuneration of PSG Group's executive directors, which includes both STI and LTI:

| Audited<br>R'000                              | STI           |   |  |   | Discretionary<br>performance-<br>based<br>bonus <sup>3</sup> | LTI  |  |                            |
|---|---------------|---|--|---|--|--|--|----------------------------|
|   | Base salary   |   |  |   |  | Total<br>short-<br>term<br>remune-<br>ration | Gains<br>from<br>exercise<br>of share<br>options | Total<br>remune-<br>ration |
|   | Ap-<br>proved | Deferred<br>for 12<br>months <sup>1</sup> | Prior<br>year<br>deferral<br>paid out <sup>1</sup> | Paid<br>during<br>the year <sup>2</sup> |  |  |  |                            |
| <b>For the year<br/>ended<br/>28 Feb 2022</b> |               |   |  |   |  |  |  |                            |
| WL Greeff                                     | 10 695        | (3 209)                                   | 3 355  | 10 841                                  |  | 10 841                                       | 3 246  | 14 087                     |
| JA Holtzhausen                                | 10 695        | (3 209)                                   | 3 355  | 10 841                                  | 3 000  | 13 841                                       | 3 223  | 17 064                     |
| PJ Mouton                                     | 12 383        | (3 715)                                   | 3 884  | 12 552                                  |  | 12 552                                       | 5 318  | 17 870                     |
|   | <b>33 773</b> | <b>(10 133)</b>                           | <b>10 594</b>                                      | <b>34 234</b>                           | <b>3 000</b>   | <b>37 234</b>                                | <b>11 787</b>                                    | <b>49 021</b>              |
| <b>For the year<br/>ended<br/>28 Feb 2021</b> |               |   |  |   |  |  |  |                            |
| WL Greeff                                     | 10 695        | (3 209)                                   | 3 414  | 10 900                                  |  | 10 900                                       | 518  | 11 418                     |
| JA Holtzhausen                                | 10 695        | (3 209)                                   | 3 414  | 10 900                                  |  | 10 900                                       | 532  | 11 432                     |
| PJ Mouton                                     | 12 383        | (3 715)                                   | 3 952  | 12 620                                  |  | 12 620                                       | 674  | 13 294                     |
|   | 33 773        | (10 133)                                  | 10 780   | 34 420                                  | –  | 34 420                                       | 1 724  | 36 144                     |

<sup>1</sup> The 30% deferred portion of base salaries is increased by the South African Revenue Services' official interest rate to compensate for time value of money, and paid out 12 months later on a monthly basis during the ensuing year, subject to i) malus/clawback provisions, ii) the executive director remaining in PSG Group's service and iii) the executive director meeting non-financial personal key performance measures.

<sup>2</sup> Includes all benefits.

<sup>3</sup> The PSG Group CEO and CFO do not qualify for discretionary bonuses to help drive long-term focus and decision-making in order to ultimately deliver on PSG Group's stated objective of long-term value creation for shareholders. PSG Capital's CEO, also serving as an executive director of PSG Group, remains eligible for a discretionary performance-based bonus in terms of PSG Capital's revenue-sharing arrangement.

## REMUNERATION REPORT *(continued)*

### 1.1.1 Base salary and discretionary performance bonuses

#### *Benchmarking*

Benchmarking is performed to ensure that remuneration is market-related with reference to companies comparable in nature, business complexity and the level of responsibility that the individual assumes.

Having given due consideration to numerous factors, including benchmarking, the Remcom concluded that the PSG Group CEO and CFO's base salaries are market-related and fair to both the individual and shareholders. *It is important to note that the CEO and CFO do not qualify for performance bonuses.*

The table below sets out the total of the PSG Group CEO and CFO's STI for each of the past five financial years compared to PSG Group's market capitalisation (net of treasury shares) as at year-end:

| Reporting date | STI<br>Rm | Market<br>capitalisation<br>as at year-end<br>Rm | STI as   |
|----------------|-----------|--|--|
|                |           |  | percentage of<br>market<br>capitalisation<br>as at year-end<br>% |
| 28 Feb 2018    | 21        | 46 967   | 0,04   |
| 28 Feb 2019    | 22        | 56 684   | 0,04   |
| 29 Feb 2020    | 23        | 40 699   | 0,06   |
| 28 Feb 2021    | 23        | 13 955 <sup>1</sup>                              | 0,16   |
| 28 Feb 2022    | 23        | 17 132   | 0,13   |

<sup>1</sup> Decrease in market capitalisation owing to the Capitec unbundling as detailed in the 2021 annual report.

#### *Base salary increases*

Base salary increases are determined with reference to the South African consumer price inflation rate and other generally accepted benchmarks, always with due regard to market-comparable remuneration. According to independent research, salary inflation generally equates to between 1% and 2% above consumer price inflation; however, the Remcom does not consider real salary inflation to be sustainable over the long term.

Considering South Africa's consumer price inflation rate of 5,7% as at 28 February 2022 and a higher forecast consumer price inflation rate for the year ahead, the Remcom has approved 6% as the general base salary increase for the financial year commencing 1 March 2022. However, with further consideration to the ongoing Covid-19 pandemic and its long-lasting damage to our economy, the executive directors have again proposed to the Remcom to forfeit any potential inflationary increase to their base salaries (they also forfeited an increase in the previous two financial years). After careful consideration, the Remcom accepted such proposal.

#### *Discretionary bonuses*

PSG Group's support staff remain eligible for discretionary bonuses, subject to meeting company (*financial*) and personal (*non-financial*) key performance measures. The total of such discretionary bonuses paid amounted to approximately R0,4m (2021: R0,1m) for the year ended 28 February 2022.

### 1.1.2 LTI

#### Share incentive scheme

The three executive directors have all served in their current capacity for at least 12 years and have accordingly participated in the share incentive scheme over this period.

#### Gains from exercise of share options

Gains from exercise of share options, as included in the *total (single-figure) remuneration* table on page 49, should be considered in light of PSG Group's remuneration policy which has been designed to specifically align the interests of the executive directors with those of shareholders, together with their successful execution on PSG Group's stated objective of value creation for its shareholders. So, if shareholders do well, management will do well – and importantly so, vice versa.

The information below illustrates that PSG Group has provided its shareholders with above-market returns over the past five years, despite obvious challenging trading conditions. PSG Group's success is in part owing to it attracting and retaining the services of talented individuals, which is only achievable if PSG Group's remuneration practices are appropriate and competitive.

When evaluating PSG Group's performance over the long term, we believe one should focus on the *TRI* as measurement tool. The *TRI* is calculated by taking cognisance of share price appreciation, dividends and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies.

PSG Group's *compound annual growth rate ("CAGR")* of its *TRI* as at 28 February 2022 was 9,1% over the past five years, compared to the JSE All Share Index's ("ALSI") 12,1% and the JSE Financial Index's ("FINI") 5,9%. However, the ALSI's *TRI* needs to be considered in light of the extensive rand-hedge companies included therein that have significantly outperformed local companies in the past five years. Had you thus purchased R100 000 worth of PSG Group shares on 28 February 2017, and reinvested all your dividends and other distributions (i.e. unbundled Capitec shares received reinvested into PSG Group shares), your investment would be worth around R155 000 as at 28 February 2022. The same investment with dividends reinvested in either the ALSI or FINI over the same period, would be worth R177 000 (14,2% higher) or R133 000 (14,2% lower), respectively.

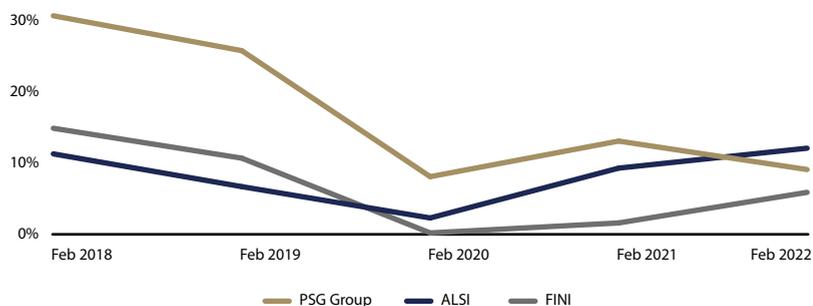
Below table and graph compare PSG Group's rolling five-year *TRI* growth to that of the ALSI and FINI for each of the comparative periods:

| Reporting date | Rolling five-year TRI growth <sup>1</sup> |           |           |
|----------------|---|-----------|-----------|
|                | PSG Group<br>%                            | ALSI<br>% | FINI<br>% |
| 28 Feb 2018    | 30,7                                      | 11,3      | 14,9      |
| 28 Feb 2019    | 25,8                                      | 6,7       | 10,7      |
| 29 Feb 2020    | 8,1                                       | 2,3       | 0,2       |
| 28 Feb 2021    | 13,1                                      | 9,3       | 1,6       |
| 28 Feb 2022    | 9,1                                       | 12,1      | 5,9       |

<sup>1</sup> Calculated based on independent Bloomberg data.

## REMUNERATION REPORT *(continued)*

### Rolling five-year TRI performance graph



#### Financial performance measures

It is evident from the calculations below that all the *financial* performance measures applicable to such share options had been met upon the vesting date of 28 February 2022, and that 100% of such share options had accordingly vested.

- TRI – applicable to 40% of such share options*

The table below sets out PSG Group's rolling five-year TRI performance against the average rolling five-year TRI performance of a peer group (as detailed on page 42), for the five-year period ended 28 February 2022 (i.e. the latest vesting date), as well as for comparative purposes the five-year periods ended 28 February 2018, 28 February 2019, 29 February 2020 and 28 February 2021. It is evident that PSG Group had outperformed such *financial* performance measure in each of the past five years:

| Measurement date         | Rolling TRI performance measured over the preceding five years <sup>1</sup> |              |
|--------------------------|---|--------------|
|                          | PSG Group %   | Peer Group % |
| 28 Feb 2018              | 30,7  | 16,6         |
| 28 Feb 2019              | 25,8  | 8,5          |
| 29 Feb 2020              | 8,1   | (7,7)        |
| 28 Feb 2021              | 13,1  | 6,3          |
| 28 Feb 2022 <sup>2</sup> | 9,1   | (6,2)        |

<sup>1</sup> Calculated based on independent Bloomberg data.

<sup>2</sup> PSG Group's rolling five-year TRI as a percentage of that of the peer group as at 28 February 2022 reflected an outperformance of more than the required 120% for 100% of share options subject to such *financial* performance measure to vest and, accordingly, 100% of such share options vested in terms of the linear vesting model.

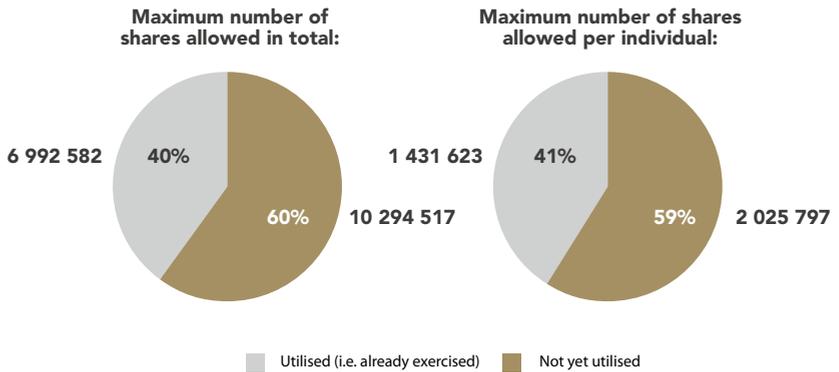
- Head office costs – applicable to 40% of such share options*

For the year ended 28 February 2022, PSG Group's total head office operating and employment costs (net of fee and other income generated, but excluding underwriting and commitment fees earned) amounted to 0,05% of PSG Group's SOTP value as at the reporting date, being less than the average total expense ratio ("TER") of South African flexible collective investment schemes (i.e. flexible funds) of 1,9%, and accordingly such *financial* performance measure had been met upon the vesting date.
- Gearing – applicable to 20% of such share options*

During the year under review, PSG Group settled its only remaining funding obligation being the perpetual (i.e. non-redeemable) preference shares previously issued by PSG Financial Services. As a result, PSG Group had no gearing as opposed to the maximum allowable level of 20%, and accordingly such *financial* performance measure had been met upon the vesting date.

*Extent of the share incentive scheme*

PSG Group shareholders previously approved the maximum absolute number of PSG Group shares that may be utilised for purposes of the share incentive scheme (both in total and on a per individual basis). The charts below depict the number of shares already utilised for such purpose up to 28 February 2022 expressed as a percentage of the maximum number of shares that may be utilised for purposes hereof. It correctly only includes shares actually delivered (for example, in the case of share options settled on a net-equity basis (being fully paid-up shares delivered to settle the SIT's obligation to participants net of the strike value and Section 8C tax paid), only such net number of shares delivered has been included):



At 28 February 2022, the share incentive scheme had 10 participants, comprising the three executive directors, managers and other qualifying head office employees (including employees forming part of the PSG Capital division – however, the IFRS 2 share-based payment expense associated with such share options is carried by the PSG Capital division, as explained on page 39).

At 28 February 2022, the total number of share options that had already been awarded but remained either unvested or unexercised amounted to 2 063 070, representing 1% of PSG Group's total number of shares in issue (net of treasury shares). However, assuming that all share options are settled either on a net-equity or net-cash basis, the dilution to PSG Group shareholders should be significantly less than aforementioned 1%.

## REMUNERATION REPORT *(continued)*

### *Unvested or unexercised share option awards*

The table below contains the unvested or unexercised share option awards of PSG Group's executive directors as at 28 February 2022:

| Audited        | Number of share options as at 28 Feb 2021 | Number of share options during the year |                     | Market price per share on vesting date<br>R | Strike price per share option<br>R | Date granted | Number of share options as at 28 Feb 2022 | Gains from exercise of share options during the year<br>R'000 | Value of unvested share options as at 28 Feb 2022 <sup>3</sup><br>R'000 |
|----------------|---|---|---------------------|---|------------------------------------|--------------|---|---|---|
|                |   | Awarded <sup>1</sup>                    | Vested <sup>2</sup> |   |                                    |              |   |   |   |
| WL Greeff      | 13 717                                    |   | (13 717)            | 79,74                                       |                                    | 29/02/2016   | –   | 800   |   |
|                | <sup>4</sup> 54 219                       |   | (18 073)            | 79,74                                       | 19,50 to 28,37                     | 28/02/2018   | 36 146                                    | 734   | 2 243   |
|                | <sup>4</sup> 185 877                      |   | (46 469)            | 79,74                                       | 14,73 to 32,11                     | 28/02/2019   | 139 408                                   | 1 712   | 8 741   |
|                | <sup>4</sup> 131 082                      |   |                     |   | (2,51) to 22,27                    | 28/02/2020   | 131 082                                   |   | 9 996   |
|                | <sup>4</sup> 209 756                      |   |                     |   | 67,12                              | 26/02/2021   | 209 756                                   |   | 3 960   |
|                | 594 651                                   | –                                       | (78 259)            |   |                                    |              | 516 392                                   | 3 246   |   |
| JA Holtzhausen | 13 220                                    |   | (13 220)            | 79,74                                       |                                    | 29/02/2016   | –   | 771   |   |
|                | <sup>4</sup> 54 667                       |   | (18 222)            | 79,74                                       | 19,50 to 28,37                     | 28/02/2018   | 36 445                                    | 740   | 2 262   |
|                | <sup>4</sup> 185 807                      |   | (46 452)            | 79,74                                       | 14,73 to 32,11                     | 28/02/2019   | 139 355                                   | 1 712   | 8 738   |
|                | <sup>4</sup> 131 084                      |   |                     |   | (2,51) to 22,27                    | 28/02/2020   | 131 084                                   |   | 9 996   |
|                | <sup>4</sup> 208 896                      |   |                     |   | 67,12                              | 26/02/2021   | 208 896                                   |   | 3 944   |
|                | 593 674                                   | –                                       | (77 894)            |   |                                    |              | 515 780                                   | 3 223   |   |
| PJ Mouton      | 20 999                                    |   | (20 999)            | 79,74                                       |                                    | 29/02/2016   | –   | 1 225   |   |
|                | 42 101                                    |   | (21 051)            | 79,74                                       | 28,68                              | 28/02/2017   | 21 050                                    | 848   | 1 207   |
|                | <sup>4</sup> 84 763                       |   | (28 255)            | 79,74                                       | 19,50 to 28,37                     | 28/02/2018   | 56 508                                    | 1 148   | 3 507   |
|                | <sup>4</sup> 227 700                      |   | (56 925)            | 79,74                                       | 14,73 to 32,11                     | 28/02/2019   | 170 775                                   | 2 097   | 10 708  |
|                | <sup>4</sup> 183 503                      |   |                     |   | (2,51) to 22,27                    | 28/02/2020   | 183 503                                   |   | 13 993  |
|                | <sup>4</sup> 349 875                      |   |                     |   | 67,12                              | 26/02/2021   | 349 875                                   |   | 6 606   |
|                | 908 941                                   | –                                       | (127 230)           |   |                                    |              | 781 711                                   | 5 318   |   |
|                | 2 097 266                                 | –                                       | (283 383)           |   |                                    |              | 1 813 883                                 | 11 787  |   |

<sup>1</sup> In light of the pending PSG Group Restructuring, no share options were awarded on 28 February 2022.

<sup>2</sup> At 28 February 2022, the executive directors had not yet exercised their right in terms of the provisions of the share incentive scheme to exercise their share options that became exercisable on such date, being in a closed period pursuant to the pending PSG Group Restructuring.

<sup>3</sup> Based on the 30-day volume weighted average PSG Group share price of R86,00 as at 28 February 2022.

<sup>4</sup> Vesting subject to additional requirements, including financial and non-financial performance measures.

## 2. NON-EXECUTIVE DIRECTORS' REMUNERATION

The table below provides information on the total remuneration paid to PSG Group's non-executive directors, including fees paid by subsidiaries of PSG Group to PSG Group non-executive directors for services rendered in either an executive or non-executive capacity:

| Audited<br>R'000 (excluding<br>value-added tax,<br>to the extent<br>applicable) | Paid for services rendered to subsidiaries          |       |                |   |  |               | Total<br>remune-<br>ration |
|---|---|-------|----------------|---|--|---------------|----------------------------|
|   | Paid for<br>services<br>rendered<br>to PSG<br>Group |       |                |   |  | Total         |                            |
|   | Fees  | Fees  | Base<br>salary | Discre-<br>tionary<br>perfor-<br>mance-<br>based<br>bonus | Gains<br>from<br>exercise<br>of share<br>options |               |                            |
| <b>For the year ended<br/>28 Feb 2022</b>                                       |   |       |                |   |  |               |                            |
| PE Burton   | 587   | 729   |                |   |  | 729           | 1 316                      |
| ZL Combi  | 754   | 490   |                |   |  | 490           | 1 244                      |
| FJ Gouws <sup>1,2</sup>   |   |       | 5 714          | 29 186  | 17 548   | 52 448        | 52 448                     |
| AM Hlobo  | 443   |       |                |   |  | –             | 443                        |
| B Mathews   | 443   |       |                |   |  | –             | 443                        |
| JJ Mouton   | 277   |       |                |   |  | –             | 277                        |
| CA Otto   | 498   | 785   |                |   |  | 785           | 1 283                      |
|   | <b>3 002</b>  | 2 004 | 5 714          | 29 186  | 17 548   | <b>54 452</b> | <b>57 454</b>              |
| <b>For the year ended<br/>28 Feb 2021</b>                                       |   |       |                |   |  |               |                            |
| PE Burton   | 564   | 702   |                |   |  | 702           | 1 266                      |
| ZL Combi  | 725   | 899   |                |   |  | 899           | 1 624                      |
| FJ Gouws <sup>1,2</sup>   |   |       | 5 537          | 23 211  | 3 202  | 31 950        | 31 950                     |
| AM Hlobo  | 426   |       |                |   |  | –             | 426                        |
| B Mathews   | 426   |       |                |   |  | –             | 426                        |
| JJ Mouton   | 266   |       |                |   |  | –             | 266                        |
| CA Otto   | 479   | 747   |                |   |  | 747           | 1 226                      |
|   | <b>2 886</b>  | 2 348 | 5 537          | 23 211  | 3 202  | <b>34 298</b> | <b>37 184</b>              |

<sup>1</sup> Mr FJ Gouws is the CEO of PSG Konsult, a subsidiary. The total performance-based bonus earned on a PSG Konsult level was R32m (2021: R24m; 2020: R21,2m), of which the payment of 70% (2022: R22,4m; 2021: R16,8m; 2020: R14,9m) is unconditional, while the payment of 15% each (2022: R4,8m; 2021: R3,6m; 2020: R3,2m) is subject to malus/clawback provisions and conditional on the director remaining in service for one and two years, respectively.

<sup>2</sup> R276 900 (2021: R266 250) was paid to PSG Management Services (Pty) Ltd, a wholly-owned subsidiary of PSG Konsult, for Mr FJ Gouws's services as PSG Group non-executive director.

## REMUNERATION REPORT *(continued)*

Mr FJ Gouws, being the CEO of PSG Konsult and also a non-executive director of PSG Group, has been awarded PSG Konsult share options in terms of the PSG Konsult Group Share Incentive Trust. His share options are summarised below:

| Audited  | Number of share options as at 28 Feb 2021 | Number of share options during the year |             | Market price per share on vesting date R | Strike price per share option R | Date granted | Number of share options as at 28 Feb 2022 | Gains from exercise of share options during the year R'000 | Value of unvested share options as at 28 Feb 2022 <sup>2</sup> R'000 |
|----------|---|---|-------------|--|---------------------------------|--------------|---|--|--|
|          |   | Awarded <sup>1</sup>                    | Vested      |  |                                 |              |   |  |  |
| FJ Gouws | 2 583 894                                 |   | (2 583 894) | 11,20                                    | 6,81                            | 01/04/2016   | -   | 11 343   |  |
|          | 1 578 279                                 |   | (789 140)   | 11,20                                    | 7,59                            | 01/04/2017   | 789 139                                   | 2 849  | 4 853  |
|          | 2 812 500                                 |   | (937 500)   | 11,20                                    | 8,74                            | 01/04/2018   | 1 875 000                                 | 2 306  | 9 375  |
|          | 4 000 000                                 |   | (1 000 000) | 11,20                                    | 10,15                           | 01/04/2019   | 3 000 000                                 | 1 050  | 10 770   |
|          | 4 800 000                                 |   |             |  | 7,13                            | 01/04/2020   | 4 800 000                                 |  | 31 728   |
|          |   | 8 500 000                               |             |  | 9,08                            | 01/04/2021   | 8 500 000                                 |  | 39 610   |
|          | 15 774 673                                | 8 500 000                               | (5 310 534) |  |                                 |              | 18 964 139                                | 17 548   |  |

<sup>1</sup> On 26 April 2022, Mr FJ Gouws accepted a further 5 250 000 PSG Konsult share options at a strike price of R12,71 per share, being the 30-day volume weighted average PSG Konsult share price as at 31 March 2022. On 3 May 2022, he exercised 3 926 640 PSG Konsult share options at the closing PSG Konsult share price on such date of R13,65 per share.

<sup>2</sup> Based on the 30-day volume weighted average PSG Konsult share price of R13,74 as at 28 February 2022.