

Long4Life Limited

Registration number: 2016/216015/06



REMUNERATION POLICY

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1 POLICY CONTEXT AND PURPOSE

1.1 Introduction

- 1.1.1 The success of Long4Life Limited's ("the Company" or "Long4Life") investment strategy and the achievement of the set investment goals are largely dependent on the ability of the board and management team of the Company to identify investments and successfully partner with the experienced and entrepreneurial management teams of its investee companies for the delivery of superior results. As such, failure to ensure that the Company's executives and employees are adequately rewarded is a significant risk to achieving the Company's objectives.
- 1.1.2 Long4Life is currently in the process of reviewing its remuneration structures. This Remuneration Policy will be updated as and when these structures are put in place.

1.2 Responsibilities of the Board related to remuneration

- 1.2.1 In line with The King IV Report on Corporate Governance for South Africa ("King IV™"), the Nomination and Remuneration Committee ("NomRem") was established by the Board of Directors of the Company ("Board") to act as the Remuneration Committee of the Company and its subsidiaries (the "Group") and to assist the Board with regard to matters set out below. The actions of the NomRem are governed by its terms of reference approved by the Board, which is reviewed annually. The Board, through the appointment of the NomRem as further detailed in the NomRem terms of reference, assumes responsibility for the following:
- 1.2.1.1 Setting the Group-wide remuneration strategy, the broad terms of which are contained in this Policy. While the NomRem will agree broad guidelines of the Group-wide remuneration strategy, the detailed implementation will be left to the Corporate Executive and Divisional Chief Executive Officers who we believe are well placed to reward their people in a way that best fits the culture and circumstances of their businesses. The remuneration of the Divisional CEOs and Corporate Executive will be determined by the Group CEO;
- 1.2.1.2 Approval of all aspects of remuneration for senior executives as well as fees paid to non-executive directors and overseeing the share incentive plans used by the Group.

1.3 Purpose of the Policy

1.3.1 The Policy has been designed to achieve the following objectives:

- a) attract, motivate, reward and retain human capital;
- b) to promote the achievement of strategic objectives within the Company's risk appetite;
- c) to set out the remuneration philosophy and principles to support and assist the Board, through the NomRem, in the execution of its mandate (refer to the NomRem Terms of Reference); and
- d) to promote an ethical culture and responsible corporate citizenship through fair and responsible remuneration that is transparent and promotes the achievement of strategic objectives.

2 REMUNERATION PHILOSOPHY AND STRATEGY

2.1.1 Long4Life's remuneration policy is designed to support a high-performance environment and comprises a basic annual total cost package and performance-related variable pay linked to short-term targets and long-term qualification criteria. A key pillar of the Long4Life remuneration policy is adherence to the decentralised philosophy that drives the business strategy of the Group. To this end, the Company takes the view that whilst certain basic elements of remuneration are standardised at Group level, each subsidiary is best placed to implement specific remuneration practices that will best serve their company and the Group as a whole.

2.1.2 The Company's remuneration philosophy is that:

- performance-driven short-term incentives are crucial in providing a high level of motivation and performance;
- long-term incentives, which may include specified performance criteria, as embodied in its share-ownership plans, properly align the interest of management and shareholders;
- appropriate benefits that may include: retirement funds, life assurance and healthcare benefits are important to providing security and wellbeing; and
- the package of benefits provided should periodically be assessed against appropriate surveys that verify that Long4Life employees are well rewarded relative to the market.

- 2.1.3 Executive director and senior management remuneration comprises three components designed to balance short- and long-term objectives, while aligning to shareholder interests and a high-performance environment. Accordingly, the Group's remuneration structure for senior management consists of (i) a basic annual total cost as well as performance-related variable pay, which is linked to (ii) short-term and (iii) long-term performance requirements.
- 2.1.4 The main objective of the basic annual total cost package is to provide individuals with a fixed income aligned with the job they do. Performance-related remuneration is designed to encourage and reward superior performance and to align the interests of senior executives as closely as possible with the interests of shareholders. Long-term incentives are inherently retentive and aimed at driving performance, but there are no schemes specifically in place for the sole purpose of the retention of key employees. In addition to primary incentives, senior executives may also receive retirement and other benefits as outlined below.

3 JOB GRADING AND JOB EVALUATION, MARKET SURVEYS AND BENCHMARKING

3.1 Job grading and evaluation

In line with the Company's decentralised management model, it is the responsibility of the management team of each individual subsidiary in the Group to apply their minds to the form and manner to which job grading should be implemented.

3.2 Market surveys and benchmarking

- 3.2.1 The NomRem seeks to ensure that senior executives are rewarded for their contributions to the Group's operating and financial performance at levels which take into account country benchmarks. There are no direct industry comparisons to be made, therefore remuneration of senior executives will be compared to a peer group of relative size and complexity selected by the NomRem and approved by the Board.
- 3.2.2 The basic annual total cost package of executive directors and senior management is set with reference to individual performance and external market data relating to comparable businesses where deemed appropriate as well as inputs from external remuneration experts from time to time. This is subject to an annual review by the NomRem.
- 3.2.3 As with job grading and evaluation, it remains the discretion and/or responsibility of the underlying subsidiaries in the Group's management teams to perform benchmarking at selected levels within their respective businesses from time to time.

4 PERFORMANCE MANAGEMENT – PAY FOR PERFORMANCE

- 4.1.1 The Company's remuneration policy is designed to support a high-performance environment and comprises a basic annual total cost package and performance-related variable pay linked to short and long-term targets. There is a strong link between performance and remuneration and this is used to drive excellent performance by rewarding those employees who are performing at an exceptional level.
- 4.1.2 Long4Life's approach to performance management is key to delivering its strategic objectives in a way that promotes the Company's desired culture. The Board is committed to ensuring alignment between the reward philosophy and principles on the one hand and the Company's strategic objectives, business needs and desired culture on the other.

5 FAIR AND RESPONSIBLE REMUNERATION

- 5.1.1 The NomRem gives due consideration to the principle of fair and responsible remuneration. As there is no "one-size-fits-all" solution across the Group, the NomRem, in conjunction with the Board, will develop appropriate initiatives, policies and arrangements to give effect to this principle in line with best practice, bearing in mind the Company's strategic objectives.

6 REMUNERATION MIX

6.1 Fixed Pay

- 6.1.1 The fixed element of remuneration is referred to as total guaranteed pay and consists of the employee's salary.
- 6.1.2 Benefits provided over and above total guaranteed pay differ from subsidiary to subsidiary within the Group and are determined by the management of each subsidiary as and where relevant. It is the intention of Long4Life that the policy in respect of benefits will be developed more fully as the Company matures.
- 6.1.3 Salaries and any other applicable employee benefits are determined taking into account the Company's performance, shareholder interests, affordability and market-related and reputable benchmarks. Remuneration decisions are made with the goal of attracting, retaining and competitively rewarding executives and employees with the skills, experience, ability and behaviours in order to deliver the strategic objectives of the Company.

6.2 Variable pay

6.2.1 Short-term incentives

An annual short-term incentive is paid in cash and gives employees an incentive to achieve the company's short and medium-term goals, with payment levels based on both company and individual performance, depending on the level of the employee.

6.2.2 Long-term incentives

Long-term incentives comprise of a Forfeitable Share Plan ("FSP"), to be approved at the 2018 Annual General Meeting ("AGM"), the existing Conditional Share Plan ("CSP") and the Share Appreciation Rights Scheme ("SAR"). The CSP and the FSP are equity settled plans and comprise of awards with and without performance conditions. Where used for performance, vesting is subject to company performance vesting conditions. Where used for retention, continued employment is used as a vesting condition. The SAR is also equity settled and other than share price increase (which is an inherent design feature of the SAR to yield value), has no additional performance conditions.

6.2.3 General approach to variable pay

- 6.2.3.1 The Board, through the NomRem, is responsible for and will review, measure and approve on an annual basis the basic salary, performance-based short-term and long-term incentives, and other benefits proposed by senior executives. Any long-term incentive schemes and the allocation of shares and rights in terms thereof for all senior executives, including the general principles and thresholds to be applied to employees' remuneration will be similarly reviewed and approved.
- 6.2.3.2 The Company will reward business results and performance when these are achieved according to the performance goals and conditions as determined by NomRem on an annual basis and disclosed in the participant's award letter. The Company will ensure that the balance between shareholder returns and remuneration is clear, transparent and supports the long-term interests of its shareholders.
- 6.2.3.3 Executives will be measured against individual and corporate performance targets, both financial and sustainability related. These targets will be reviewed annually, to ensure they remain relevant.
- 6.2.3.4 Annual salary increases and incentive principles to be applied across all levels of employees will be presented to NomRem for formal approval.

6.3 Further detail on long-term Incentive schemes

- 6.3.1 Share incentive plans will be used as an incentive to participants to deliver the Company's business strategy over the long-term. The intent of these incentives is to recognise contributions made by selected executives and employees and incentivise them to maintain a continuing relationship with the Company and promote its shareholders' interests.
- 6.3.2 Eligibility, vesting, performance measurement and other conditions of the CSP, SAR and FSP plans ("long-term incentive plans") will be set by the NomRem.
- 6.3.3 The NomRem has the discretion to make awards to eligible participants under any of the long-term incentive plans. Awards will be considered, and, if deemed appropriate, granted annually.
- 6.3.4 Performance conditions will be determined by the NomRem as and when appropriate in respect of awards under the FSP and CSP. Performance is generally measured over a 3-year period. Performance conditions which are imposed will be sufficiently stretching and align the interests of shareholder and executives.
- 6.3.5 All awards under the CSP, FSP and SAR will be subject to continued employment of the participant. Early termination of employment will result in forfeiture of awards under the long-term incentive plans, where the participant's termination is designated a 'Fault Termination'. 'No Fault Terminations' will be entitled to a pro rata portion of their award based on the term served in the employment period and the extent to which applicable performance conditions have been met.
- 6.3.6 Retirees may continue to participate in the long-term incentive schemes in respect of awards already made to them as at the date of retirement.

7 NON-EXECUTIVE DIRECTORS' FEES

- 7.1.1 All the non-executive directors ("NEDs") have letters of appointment with Long4Life Limited. In accordance with the Company's Memorandum of Incorporation ("MOI"), one-third of non-executive directors retire by rotation at each AGM. Retiring NEDs may offer themselves up for re-election.
- 7.1.2 NED fees are benchmarked against the market median using other listed companies and consist of a fee per meeting only.
- 7.1.3 NEDs are reimbursed for travel costs necessary for attending Board meetings and do not receive any employment benefits. The terms and conditions of the appointment of NEDs

are available on request from the Company Secretary. NEDs are not eligible to participate in the annual bonus plan or any of the long-term incentive plans.

- 7.1.4 Any proposed increases to NED fees are, to the extent appropriated, considered against the average increase levels/percentage approved across the Company. Fees are recommended by the NomRem and are submitted to the Board for approval, and finally recommended to shareholders for approval at each AGM.

8 SERVICE AGREEMENTS FOR EXECUTIVES

- 8.1.1 Executives are employed and contracted subject to their service agreements.
- 8.1.2 The executive directors have employment contracts with Long4Life Limited. Employment contracts will be reviewed regularly, and the provisions related to notice periods for purposes of succession planning will be considered in light of the remuneration structure as a whole.

9 POLICY GOVERNANCE

9.1 Practical implementation of remuneration strategy

While the NomRem will agree broad guidelines of remuneration strategy, the detailed implementation will be left to the Corporate Executive and Divisional Chief Executive Officers who we believe are well placed to reward their people in a way that best fits the culture and circumstances of their businesses. The remuneration of the Divisional CEOs and Corporate Executive will be determined by the Group CEO.

9.2 Roles and Responsibilities

Role	Responsibility
Nomination and Remuneration Committee	Recommends Policy to the board for approval
Chief Executive or his nominee	Policy owner responsible for the annual review and update

9.3 Approval of and adherence to the Policy

- 9.3.1 The Remuneration Policy is approved by the NomRem and confirmed by the Board.
- 9.3.2 The NomRem will provide the Board with annual feedback on the Company's adherence to the provisions of this Policy.

9.4 Shareholder engagement, approval of the Policy and implementation thereof

- 9.4.1 In line with best practice, King IV and the JSE Listings Requirements, the Remuneration Policy together with the Implementation Report (as contained in the annual Integrated Report/ Remuneration Report) must be tabled for two separate non-binding advisory votes by shareholders at Long4Life's AGM.
- 9.4.2 The Board, through the Nomination and Remuneration Committee, is responsible for the annual approval of the Remuneration Policy and the Implementation Report.
- 9.4.3 In the event that 25% or more of the shareholders vote against either or both the Remuneration Policy, or the Implementation Report, the NomRem must commence engagement with dissenting shareholders and ascertain their reasons and legitimate concerns underlying their votes. In order to do so, the NomRem must extend an invitation to dissenting shareholders in the Stock Exchange News Service ("SENS") announcement together with the results of the AGM, which invitation must include the manner, date and timing of engagement.
- 9.4.4 Manners of engagement may include:
 - 9.4.4.1 Emails, telephone calls, video conference calls, one-on-one meetings, investor roadshows and other methods of communication to the relevant contact persons at the shareholders, after the AGM concerned (and throughout the financial year), regarding the reasons for the dissenting votes. The Chief Executive Officer will drive the engagement process which will be conducted based on good faith and with the aim of amicably resolving differences; and
 - 9.4.4.2 Responses to shareholder queries explaining, in more detail, the elements of the remuneration policy that caused concern. Where appropriate, the Board may resolve to amend certain elements of the remuneration policy to align the policy to market norms.

This process should be completed within a four-month period failing which feedback on progress should be provided by the Chief Executive in writing to the Chairman of the NomRem (as required in terms of paragraph 7.2.12.3 of the Committee's Terms of Reference).

9.5 Related documents

The following documents should be read in conjunction with this Policy:

- The Rules of the CSP, SAR and FSP; and
- NomRem Terms of Reference.

10 AUTHORISATION AND REVIEW

This policy has been reviewed and approved by the NomRem on 30/07/2018 and by the Board on 30/07/2018.

This policy will be reviewed annually during June of every year, or alternatively earlier should the need arise.



**CHAIRMAN OF THE NOMINATION AND
REMUNERATION COMMITTEE**

30 July 2018

DATE



CHAIRMAN OF THE BOARD

30 July 2018

DATE