

Bidvest

REMUNERATION POLICY FRAMEWORK

1. Philosophy

The Bidvest Group Ltd (“Bidvest” or “Group”) is a performance driven, entrepreneurial group with a strong growth ambition. The remuneration philosophy is designed to attract, retain and motivate talent to deliver on the strategic objectives, and be flexible to enable a nimble response to business needs whilst being aligned with all stakeholder objectives and best practice.

Salary structures and policies, cash as well as share-based incentives, motivate superior performance and are linked to realistic performance objectives, both financial and ESG-related, that support sustainable long-term value creation and achieve fair and responsible remuneration.

2. Principles

The key principles that shape our policy are:

- A critical success factor of the Group is its ability to attract, retain and motivate the entrepreneurial talent required to achieve positive operational outcomes and strategic objectives while adhering to an ethical culture and good corporate citizenship. Both short-term incentives (“STI”) and long-term incentives (“LTI”) are used to promote this end;
- A delivery-specific STI is viewed as a strong driver of performance and a significant portion of senior management’s through-the-cycle reward is designed to be variable and aligned with stakeholder interests. This is prescribed by the achievement of realistic financial and non-financial targets together with, where applicable, the individual’s personal contribution to the growth and development of their immediate business, their division or the wider Group. Only when warranted by exceptional circumstances are special bonuses considered as additional awards;
- Allowing appropriate flexibility as a consequence of the Group’s dynamic and fast-moving nature. Management is often redeployed to take on new challenges and address poor performing divisions, and, in such cases, subjective criteria may need to be applied when making an evaluation of performance;
- A LTI that aligns the objectives of management, shareholders and other stakeholders for a sustainable period; and
- The Group is committed to a sustainable, fair and responsible remuneration policy, from both an external competitiveness perspective as well as an internal equity perspective, which satisfies the requirements of all our stakeholders.
- To ensure that the Group remains competitive in the markets in which it operates, all elements of remuneration are subject to regular reviews against relevant market data and gazette legislation. The policy aims at positioning the Group as a preferred employer within the services, trading, and distribution industry.

3. Purpose

The purpose of Bidvest's remuneration framework is to provide a link between remuneration, the achievement of set strategy and sustainable value creation.

It also provides a clear outline for stakeholders of how remuneration is integrally managed within clear, pre-determined and measurable parameters. It enables stakeholders to make an informed assessment of reward practices and governance processes.

4. Remuneration components

The Group subscribes to a total cost-to-company philosophy, which combines a competitive cash salary and benefits (including a defined contribution retirement fund, medical aid, and other insured benefits) (defined as the Fixed Total Cost to Company Remuneration) with incentive compensation in the form of a Short-Term Incentive Plan ("STIP") and a Long-Term Incentive Plan ("LTIP").

Executive remuneration

Total executive director remuneration is benchmarked to the 75th percentile of the comparator group, assuming commensurate performance.

CTC is reviewed annually and adjusted, if required, on 1 July.

Notice periods are in line with prevailing legislation, taking into consideration the critical and scarce nature of particular skills and business circumstances. Restraint of trade periods, where applicable, are determined on a case-by-case basis. Executive director service contracts are overseen by the Bidvest Remuneration committee.

Remuneration component	Executive directors	Executive management	Senior management	Other employees
Base package and benefits – attract and retain talent	Benchmarked to 75 th percentile of peer group.	Competitive salary and benefits.	Competitive salary and benefits.	Union/bargaining council agreed wages or competitive salary and benefits.
Short-term incentives – to motivate and incentive delivery of performance consistent with strategy over a one-year cycle	STI scorecard as published in Remuneration Report. 100% linked to Group performance, incorporating financial and non-financial metrics. Weighted outcome for CEO capped at 165%; others at 150% of CTC.	Half of incentive linked to Group STI scorecard and other half linked to divisional STI scorecard. The performance metrics are similar to drive consistent focus. The weighted outcome is capped at 125% of CTC.	Performance scorecards comprising key performance metrics are determined annually. Weighted performance outcome is equated to a proportion of CTC.	Discretionary annual bonus or 13 th cheques.
Long-term incentives – to motivate and incentivize delivery of long-term, sustainable performance aligned to strategy and all stakeholders	Participate in CSP scheme. Economic value of annual award allocated at 1.5-2.0x CTC.	Participate in CSP and SAR schemes. Economic value of annual award allocated at 1-1.5x CTC. Split equally across the two schemes.	SA-based management participates in SAR scheme; offshore-based management in CSP scheme. Quantum discretionary.	
“Golden handshake” or termination payments	None	None	None	None

Short Term Incentive (STI)

Executive directors and management also participate in cash-STI performance plans. These STI's are based on annually determined scorecards, incorporating both financial and non-financial elements:

- Financial components comprise a 40% weighting for HEPS growth, using geographically weighted real growth as a base, and a 30% weighting Return of Funds Employed; and
- Non-financial component, at a 30% weighting, is split equally between strategic and sustainability initiatives. The latter includes environmental, social and governance elements.

Specific hurdles are set at threshold, target and stretch levels for each metric. The Group STI scorecard is tabled in the annual Remuneration report. To drive focus and consistency, consistent scorecard metrics are cascaded down to individual branch managers. The rest of employees are paid discretionary bonuses or 13th cheques. Performance is determined and signed off by the Remuneration committee post year-end and resultant cash incentives paid in September.

Long Term Incentive (LTI)

Two LTI plans are in operation:

1. The Bidvest Share Appreciation Right Plan (SAR) has no performance conditions attached but has a strike price with no guaranteed value. The difference in the share price vs the strike price, assuming share price appreciation, vests in three tranches over a five-year period, and can be exercised at the election of the participant. The instrument expires after seven years; and
2. The Bidvest Conditional Share Plan (CSP) allocated has performance conditions attached, as set out in a scorecard and has no strike price. The financial and non-financial components of the scorecard is weighted at 60% and 40%, respectively. Performance metrics are determined and threshold, target and stretch hurdles are set. Performance against these metrics is tested over a cumulative three-year period. Post confirmation by the Bidvest Remuneration committee, the weighted outcome is applied to the allocated units. The resultant awarded instruments vests in two tranches over a four-year period.

Employment at the time of vesting is a prerequisite. Both long-term incentive schemes have malus and claw-back provisos. Trigger events include, amongst others, gross misconduct and proven dishonest or fraudulent conduct.

Shareholders approved the issuance of a maximum of 16,750,000 shares (5% of issued shares as at May 2016) to meet commitments under the long-term incentive plans. The Group's preference is to acquire shares in the market to meet its obligations.

LTI instruments are governed in terms of the Share Appreciation Rights scheme rules and Conditional Share Plan scheme rules approved by shareholders. These rules make provision for discretion by the Share Incentive Trust trustees and / or the Bidvest Remuneration committee.

Non-executive remuneration

To attract a high calibre of non-executive talent with the required experience, character, expertise, and multi-faceted capabilities, Bidvest targets to pay non-executive director fees aligned to the upper quartile or 75th percentile of its peer group. This peer group is assessed for appropriateness at intervals of two years, unless specific circumstances, factors and/or external remuneration advisor direct management discretion otherwise.

Non-executive fees are a combination of annual retainer and attendance fees with the exception of the board chair that only receives an annual retainer fee. Fees are paid quarterly.

NED fees for listed subsidiaries, for example Adcock Ingram, are recommended by their independent governance process, to be benchmarked to the 50th percentile, and approved by shareholders.

The proposed annual fee changes, if any, are tabled to the Bidvest board for approval by shareholders at the annual general meeting.

5. Corporate governance

The Bidvest Remuneration committee functions as a sub-committee of the board in terms of an agreed mandate. It evaluates, monitors and oversees the implementation of the Group's remuneration policy framework to ensure consistency with governance principles, corporate strategy, internal equity as well as equal pay for work of equal value.

The Remuneration committee has discretion when warranted by exceptional circumstances. In exercising this discretion, the Remuneration committee must satisfy itself that the outcome is fair and reasonable, with full disclosure to stakeholders.

On an annual basis, as part of good governance, Bidvest engages with stakeholders regarding sustainability, including remuneration. The Remuneration committee reports back to stakeholders on both the Group remuneration policy and implementation thereof, as set out in the remuneration report, for shareholders to vote on at the annual general meeting.

6. Accountability

The Executives will be responsible for updating the remuneration policy framework and for advising the Bidvest Remuneration committee of any updates for their approval. The Executives will ensure that the remuneration policy framework is communicated effectively to all stakeholders in all countries.

end

Approved: October 2023