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## REMUNERATION POLICY

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## 1. GENERAL PRINCIPLES

- 1.1 This policy (the **Policy** or this **Policy**) has been implemented by the Board of Directors (the **Board**) of Huge Group Limited (**Huge**) to ensure that its remuneration practices, and where applicable, those of its subsidiary companies (the **Group**):
- 1.1.1 Attract, motivate, reward and retain human capital;
  - 1.1.2 Promote the achievement of the strategic objectives of Huge according to Huge 's risk appetite;
  - 1.1.3 Promote positive remuneration outcomes; and
  - 1.1.4 Promote an ethical culture and responsible corporate citizenship.
- 1.2 The decisions of the Board, and the provisions of this Policy, remain subject to the provisions of the Companies Act 71 of 2008 (as amended), Huge's Memorandum of Incorporation (**Mol**) and the JSE Limited Listing Requirements (**JSE Listings Requirements**).
- 1.3 The Board recognises that the principle of fair, responsible and transparent remuneration practices espoused in the King IV Report on Corporate Governance for South Africa (**King IV**), with the aim of promoting Huge's strategic objectives and targeted performance in the short, medium and long term. The Board aims, through the ambit of this Policy, to apply and uphold these principles.

## 2. REMUNERATION PHILOSOPHY

- 2.1 The remuneration philosophy (the **Remuneration Philosophy**) informs the remuneration strategy and must be determined by the Remuneration Committee from time to time, with due consideration to Huge's short, medium and long term strategic implementation plans and the targeted performance.
- 2.2 The Remuneration Philosophy must specify:
- 2.2.1 The overall remuneration design principles;
  - 2.2.2 The targeted remuneration mix;
  - 2.2.3 Benefits offered to executive management; and
  - 2.2.4 Benefits offered to employees.
- 2.3 The Remuneration Philosophy will be published in the Remuneration Report annually.

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### 3. ALIGNING REMUNERATION WITH THE GROWING HUGE STRATEGY

- 3.1 The Board has approved the Growing Huge Strategy which includes short, medium and long-term plans to facilitate and manage significant growth for Huge (the **Strategy**).
- 3.2 Through the Growing Huge Strategy, the Board aims to grow Huge organically and by acquisition, which has and will continue to result in new subsidiary companies joining Huge.
- 3.3 The Board approves a financial budget for each financial year, which contains quantitative performance measures for Huge (the **Budget**).
- 3.4 This Policy seeks to align the Growing Huge Strategy with the specific remuneration practices for executive management and provide a framework on employee remuneration structures in subsidiary companies.

### 4. REMUNERATION PRACTICES SUPPORTED BY THIS POLICY

Remuneration practices applied by Huge should have the effect of:

- 4.1 applying broad and comprehensive financial and non-financial performance conditions to the Executive Management (as this term is defined in Annexure A);
- 4.2 applying an appropriate mix of Guaranteed Remuneration and Variable Remuneration in paying remuneration to Executive Management and ensuring that this aligns with Huge's strategic implementation plans and Budget;
- 4.3 promoting the achievement of the Budget for the relevant period;
- 4.4 ensuring that decisions on remuneration are made after due consideration has been given to the impact thereof on all stakeholders, particularly shareholders, customers and employees;
- 4.5 Reducing inequality and improving the living standards of the lowest earning employees, over time;
- 4.6 Ensuring that quantitative measures of income that exist across Huge are monitored over time, with the purpose of moderating inequality.

### 5. REMUNERATION PRACTICES NOT SUPPORTED BY THIS POLICY

Remuneration practices applied by Huge should not have the effect of:

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- 5.1 Rewarding failure;
  - 5.2 Retesting performance conditions to provide executives with a “second” chance to achieve targets over a longer period;
  - 5.3 Changing performance measures during or at the end of a performance cycle, when the outcome is already evident;
  - 5.4 Adjusting performance measures on a discretionary basis to provide a more positive outcome;
  - 5.5 Allowing Executive Management to make decisions that determine their own remuneration structure, without oversight by the Remuneration Committee;
  - 5.6 Allowing Executive Management to override the objectives of this Policy or the decisions of the Remuneration Committee; and
  - 5.7 In instances where share-based incentive schemes are implemented, permitting any back-dating or re-pricing of share incentive grants.

## **6. COMMUNICATING HUGE'S REMUNERATION PRACTICES**

- 6.1 The Remuneration Report contained in Huge's Integrated Annual Report must contain:
  - 6.1.1 A Background Statement;
  - 6.1.2 An overview of the main provisions of this Policy;
  - 6.1.3 A Remuneration Implementation Report setting out details of all the remuneration awarded to the Executive Management;
  - 6.1.4 An explanation of the basis on which remuneration targets are established that are in excess of the median (50<sup>th</sup> percentile) of a relevant peer group, where applicable.
- 6.2 The Remuneration Committee, in conjunction with the Social & Ethics Committee, should make a joint statement on an annual basis, which:
  - 6.2.1 Explains how fairness of executive remuneration practices in relation to all employees has been considered and executed across Huge;
  - 6.2.2 Explains how Huge's activities affect its status as a responsible corporate citizen, including:
    - (i) Setting of targets for the purposes of employment equity;
    - (ii) Ensuring fair and responsible remuneration; and
    - (iii) Ensuring the health, dignity and safety of employees.

- 6.3 Remuneration of the Chief Executive Officer, Chief Financial Officer and managing directors of the subsidiary companies shall be disclosed utilising the Single, Total Figure Remuneration Disclosure Table and shall align with the reporting recommendations of the Single, Total Figure Remuneration Disclosure of King IV:

<b>Name of Executive Director</b>	<b>Current Year</b>	<b>Prior Year</b>
Salary		
Risk and retirement funding		
Vehicle benefit		
Medical benefit		
Insurance benefit		
Security benefit		
Other benefits		
<b>Total salary and benefits</b>		
Annual short-term incentive		
Annual long-term incentive		
Dividends accrued through the vesting cycle		
<b>Total annual remuneration</b>		
Notes on "other benefits"		

## 7. REMUNERATION ELEMENTS: EXECUTIVE MANAGEMENT

### 7.1 Guaranteed remuneration

Employment contracts must be concluded for each member of Executive Management. These contracts must provide for a guaranteed annual remuneration package calculated on a total cost of employment basis.

Huge aims to retain and fairly remunerate its employees by ensuring that it offer salaries and, on at least an annual basis, adjusts these salaries so that in doing so they compare favourably to market related salaries in the upper quartile of salaries (**Upper Quartile Salaries**) for the industry in which Huge operates. In increasing remuneration, particular regard is had to scarcity of skills, the critical nature of the position and employees who display top talent. The Board believes that paying Upper Quartile Salaries provides a good foundation for skills retention. In order to

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ensure that Huge continues to pay Upper Quartile Salaries, it uses various measures of inflation, at least once a year, to adjust salaries. The Board does not support increases in Guaranteed Remuneration as a reward for performance. Performance is rewarded by means of Variable Remuneration.

## 7.2 Variable remuneration

Huge may at its discretion provide for rewards for individual employee performance in the form of cash bonuses and other forms of payments, subject always to the performance of the particular subsidiary company and the performance of Huge as a whole. Huge does not currently have a share incentive scheme. The benefit of implementing a share incentive scheme will be considered by the Board as Huge implements the Strategy.

## 7.3 Targeted percentage contribution of each reward component in the reward structure

Huge may at its discretion award members of Executive Management for performance which exceeds Budget. Any such reward will be calculated with reference to the percentage by which actual performance exceeds the Budget; alternatively, actual performance will be calculated with reference to individual targets.

## 7.4 Targeted remuneration mix

As Huge implements the Strategy, the appropriate targeted remuneration mix for Executive Management will be developed and aligned with the Budget.

## 7.5 Payments on termination

Employment contracts of the Chief Executive Officer, Chief Financial Officer and the managing directors do make specific provision for a payment on termination. Any payments that may be made on termination shall, where required, be disclosed in Huge's annual Remuneration Report, in addition to reasons for such payments being made.

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Employment contracts of Executive Management make provision for a notice period which is reasonable in light of each position. The employment contracts of the Executive Management make provision for notice on termination of three months and six months, depending upon the contract.

#### 7.6 Sign-on, retention and restraint payments

Huge and its subsidiary companies may from time to time and as the Board deems appropriate, be given authority to negotiate certain sign-on or retention payments in respect of an Executive Management appointment. Any such payments shall, where required, be disclosed in Huge's annual Remuneration Report.

Executive Management are in certain circumstances subject to restraint arrangements which are governed by their respective employment contracts. In other instances, Huge and/or a subsidiary company may have the right to extend an applicable restraint period in return for paying compensation for every month by which a restraint period is extended. The compensation payable is equal to the individual's annual remuneration, divided by twelve, which is payable monthly in arrears. Any such payments will, where required, be disclosed in Huge's annual Remuneration Report.

#### 7.7 Commissions and allowances

No commissions are paid to Executive Management. However, certain allowances may be provided in appropriate circumstances. Any such payments will, where required, be disclosed in Huge's annual Remuneration Report.

#### 7.8 Benchmarking

In considering all aspects of remuneration for Executive Management, the following criteria are applied when benchmarking:

- 7.8.1 Listed companies with comparable revenue, market capitalisation and profits (listed environment);
- 7.8.2 Listed and unlisted companies of a comparable size;
- 7.8.3 Listed and unlisted companies in the same industry; and

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7.8.4 Reference to two independent and publicly available salary surveys.

## 7.9 Retention

In considering a retention mechanism for Executive Management, consideration is given to the following:

- 7.9.1 whether payment includes cash payments and/or shares, where applicable;
- 7.9.2 the basis of the award;
- 7.9.3 the periods over which the award vests;
- 7.9.4 the lock-in period;
- 7.9.5 the terms relating payment of awards that have not vested by the date of termination of employment or before the end of a defined retention period.

## **8. REMUNERATION ELEMENTS: EMPLOYEES**

### 8.1 Guaranteed remuneration

Huge aims to retain and fairly remunerate its employees by ensuring that it offer salaries and, on at least an annual basis, adjusts these salaries so that in doing so they compare favourably to Upper Quartile Salaries for the industry in which the subsidiary company operates. In increasing remuneration, particular regard is had to scarcity of skills, the critical nature of the position and employees who display top talent. The Board believes that paying Upper Quartile Salaries provides a good foundation for skills retention.

In order to ensure that Huge continues to pay Upper Quartile Salaries, it uses various measures of inflation, at least once a year, to adjust salaries.

The Board does not support increases in Guaranteed Remuneration as a reward for performance. Performance is rewarded by means of Variable Remuneration.

## 8.2 Variable Remuneration

Huge and any of its subsidiary companies may at their discretion provide for rewards for individual employee performance in the form of cash bonuses and other forms of payments, subject always to the performance of the particular subsidiary company in Huge and the performance of Huge as a whole. Any such rewards will be paid at the discretion of the managing director of that subsidiary company.

## 8.3 Payments on termination

Employment contracts do not make specific provision for a payment on termination. However, Huge and subsidiary companies may make such payment, where it believes it is in the best interests of that subsidiary company to do so.

## 8.4 Sign-on, retention and restraint payments

Huge and subsidiary companies may, from time to time and as management deems appropriate, negotiate certain sign-on or retention payments when making an appointment.

Depending on the position occupied by an employee and the subsidiary company in which he or she is employed, an employee may be subject to certain restraint arrangements which are governed by his or her respective employment contract.

## 8.5 Commissions and allowances

Depending on the position occupied by an employee and the subsidiary company in which he or she is employed, commissions and allowances may be paid at the discretion of the Managing Director of that subsidiary company.

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## 8.6 Benchmarking

In considering all aspects of remuneration for employees, the following criteria shall be applied to benchmarking:

- 8.6.1 Comparable roles in listed and unlisted companies;
- 8.6.2 Comparable roles in the same or substantially similar companies; and
- 8.6.3 Where possible, reference to an independent and publicly available salary survey.

## 8.7 Retention

In considering a retention mechanism for Executive Management, consideration is given to the following:

- 8.7.1 whether payment includes cash payments and/or shares, where applicable;
- 8.7.2 the basis of the award;
- 8.7.3 the periods over which the award vests;
- 8.7.4 the lock-in period;
- 8.7.5 the terms relating payment of awards that have not vested by the date of termination of employment or before the end of a defined retention period.

## **9. NON-EXECUTIVE DIRECTOR REMUNERATION**

9.1 The Board should consider and approve the remuneration payable to non-executive directors, taking into account independent and publicly available information in respect of non-executive remuneration, particularly relevant to the size of Huge and the industry in which it operates.

9.2 When considering an annual increase in non-executive director fees, consideration should be had to:

- 9.2.1 Huge's financial performance and whether it achieved its Budgeted earnings growth;
- 9.2.2 whether Huge achieved its strategic objectives for the prior year;
- 9.2.3 the growth in Huge (determined by the number of subsidiaries, employees, market capitalisation and other relevant factors);
- 9.2.4 changes in the risk profile of Huge in comparison to the prior year; and

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- 9.2.5 the annual increase in Guaranteed Remuneration applied to Executive Management and employees.

## **10. PERFORMANCE EVALUATION**

### 10.1 Executive Management

In order to ensure that the Strategy is achieved and the Budget is met, the Board requires the Executive Management to be subject to a suitable performance evaluation on an annual basis.

The method of evaluation and key measurements applied by the evaluation shall be determined by the Board, on the recommendation of the Remuneration Committee.

### 10.2 Huge employees

In order to ensure that the Strategy is implemented and the Budget is met, the Board requires Huge and its subsidiary companies to implement a performance evaluation process for all employees.

The method of evaluation and key measurements applied by the evaluation shall be determined at the discretion of the managing director of each subsidiary company.

## **11. EMPLOYEE BENEFITS**

11.1 Various employee benefits are available to employees, as part of their TGP, and depend on the major subsidiary through which they are employed:

- 11.1.1 Group Risk insurance, including funeral cover, which is a component of the TGP package;
- 11.1.2 Membership of a medical aid scheme, either offered by the subsidiary company or chosen by the employee, which is a component of the TGP package; and

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11.1.3 Optional pension or provident scheme participation, in which employees may choose to participate. Where a subsidiary company does not have a pension or provident scheme, a plan should be developed to ensure that such a scheme is implemented within a reasonable time period, with due consideration to its affordability by members and the subsidiary company's ability to subsidise any portion of the initial costs of implementing such a scheme.

11.2 On an annual basis, the Remuneration Committee should review the benefits offered by Huger, to determine:

11.2.1 whether the benefits are appropriate and competitive, given the industry, the financial position of Huger and/or specific subsidiary companies, legislative requirements and market benchmarks and trends;

11.2.2 whether the costs related to the administration of the benefits are justified and through the appropriate management committee, whether the benefits and costs thereof are sufficiently well understood by the employees;

11.2.3 whether benefits meet the needs of all employees and are fair to all employees;

11.2.4 whether the benefits offered to executives are similarly offered to all employees and if not, the reasons therefore.

## **12. DIRECTORS' INTEREST IN SHARES IN, AND CONTRACTS WITH, HUGER**

The interests of the directors and Executive Management in Huger shares and contracts will be disclosed in the annual financial statements in accordance with the Act.

## **13. ENGAGEMENT WITH SHAREHOLDERS IN RESPECT OF THIS POLICY**

13.1 This Policy and its related Remuneration Implementation Report shall be tabled every year at Huger's annual general meeting, for two separate non-binding advisory resolutions by shareholders.

- 13.2 Where the shareholders vote against the Policy and/or the Remuneration Implementation Report by 25% or more of the voting rights exercised, Huger will, in good faith and with reasonable effort:
- 13.2.1 enter into an engagement process that is reasonably agreeable to all parties concerned to ascertain the reasons for the dissenting votes;
  - 13.2.2 address legitimate and reasonable objections and concerns, including amending the Policy or clarifying or adjusting remuneration governance and/or process; and
  - 13.2.3 make the necessary announcement on SENS required by the JSE Listing Requirements.

#### **14. GENERAL**

- 14.1 This Policy will be reviewed by the Remuneration Committee on an annual basis and may be updated as required, with the approval of the Board.
- 14.2 This Policy will be made publicly available on Huger's website.
- 14.3 Any general queries relating to this Policy may be addressed through the office of the Company Secretariat.

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## **Annexure A: Definitions**

Benefits	Mechanisms that employer companies use to supplement cash remuneration, including health care, risk cover, income protection and savings and retirement programmes
Executive Management	Chief Executive Officer, Chief Financial Officer, managing directors, executive directors of subsidiary companies and the Company Secretary of Huge
Guaranteed Remuneration	The basic salary, allowances and employer-related Benefits which do not vary and which are monetised, to arrive at an amount
TGP	Total Guaranteed Package, which is also referred to as Total Cost To Company
Total remuneration	Guaranteed remuneration, cost of Benefits and Variable Remuneration
Total reward	Everything that the employee receives from the employer company, including financial and non-financial rewards, intrinsic and extrinsic, direct and indirect, goods and services offered as payment in kind
Variable Remuneration	Remuneration that is not guaranteed (incentives)