

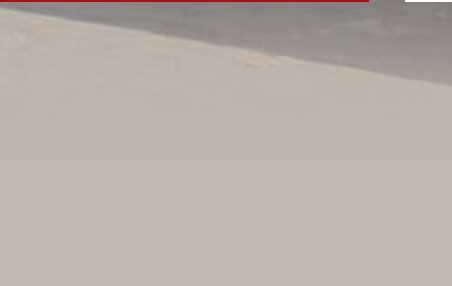


Statutory reports





54	Remuneration Committee Report
59	Group Social and Ethics Committee Report



Remuneration Committee Report

INTRODUCTION

The Remuneration Committee (“Remco”) comprises three independent non-executive directors. This committee addresses issues relating to the remuneration of directors and senior management and ensures that the remuneration levels are sufficient to attract, retain, motivate and reward directors and executives of the quality needed to run the Group successfully.

The remuneration philosophy is set with the intentions of ensuring the achievement of the Group’s objectives and the encouragement of sustainable long-term performance. Remuneration is reviewed at appropriate intervals to motivate employees to perform to required standards and to retain their services by offering and maintaining market-related remuneration in line with their performance. Remuneration is linked to corporate and individual performance.

Remco ensures that the executive directors’ remuneration mix, in respect of guaranteed remuneration, performance bonuses and share options, is appropriate so as to align the directors’ interests with those of shareholders. In discharging its duties, Remco makes use of external consultants, where necessary, to determine market-related remuneration levels.

Emphasis is placed on succession planning at executive and senior management levels. The CEO, in consultation with Remco, is responsible for ensuring that adequate succession plans are in place.

Remco approves the remuneration of senior management who are members of Exco reporting to the CEO and receives the details of remuneration of the managers who report to the members of the Exco. Adjustments to directors’ and Exco members’ total remuneration are recommended to the Board for individual approval.

In keeping with good corporate governance practices, the CEO attends meetings by invitation only and is not entitled to vote. The CEO does not participate in discussions regarding his own remuneration. The CEO acts as the committee secretary.

In terms of King IV, the company should obtain the endorsement of its shareholders pertaining to the company’s remuneration policy and the implementation of this policy at the AGM. If more than 25% of the total votes cast by the shareholders, present and voting, be against either resolutions, the company will issue an announcement on SENS inviting shareholders who voted against the resolutions to meet with the members of the Remuneration Committee. The process to be followed will be set out in a SENS announcement.

SECTION A

REMUNERATION PHILOSOPHY AND POLICY

The overriding philosophy of the Group Remuneration and Reward Policy is to “pay for performance”.

The Group Reward and Performance Policy is designed to support and help execute the Group strategy. It aims to do this by rewarding staff members for “performance” and for “living the values”.

The Group Reward and Performance Policy, together with the performance management process, aims to build a culture of high

performance by ensuring that “reward” encompasses the performance of both the individual and the business. Excellent performance will be rewarded (above the market average), which will ensure both the attraction and retention of key talent and high performers.

Conversely, poor performance needs to be managed until a satisfactory level of performance is attained or the employee exits the business.

The Group’s value statement governs the way it conducts itself in all interactions. The value system is of such importance that a significant percentage of an individual’s bonus is linked to how they apply the Group’s value system.

The Group’s vision describes the feedback expected from customers, employers, the investment market, competitors and suppliers.

Paramount importance is placed on the vision and as a result, 90% of an employee’s bonus is based on the achievement of the overall Group vision. Every employee has a responsibility to the Group to assist in achieving this target.

While the policy pertains to monetary reward, it should be acknowledged that reward also encompasses learning and development opportunities (performance management; career development, succession planning) and work environment (leadership; culture; involvement; transformation; work/life balance).

Policy on directors’ remuneration

The directors are appointed to the Board to bring to the Group the skills and experience appropriate to its needs. The guaranteed remuneration is based on the median of the market, with discretion to pay a premium (typically 5% to 20%) to the median for the attraction and retention of the directors.

Executive directors’ remuneration

Remco aims to align the directors’ total remuneration with shareholders’ interest by ensuring that a significant portion of their package is linked to the achievement of performance targets.

Executive directors’ salaries comprise a cash salary which is reviewed annually by Remco. Salaries are compared to pay levels of other South African companies to ensure sustainable performance and market competitiveness. The individual salaries of directors are reviewed annually in light of their own performance, experience, responsibility and Group performance. The company makes contributions to defined contribution plans on behalf of the executive directors on the basis of a percentage of cash salary. Death and disability cover provided to executive directors reflects best practice among comparable employers in South Africa. Other benefits include car and travel benefits and cover on the Group’s medical healthcare scheme. These elements comprise the fixed remuneration component.

REMUNERATION PACKAGE COMPONENTS

The total remuneration package of a Super Group employee is split between “guaranteed pay” and “variable pay”.

Guaranteed pay

Guaranteed pay is that remuneration which is contractually guaranteed to the employee and is generally paid to the employee on a monthly basis.

Guaranteed pay is also referred to as base pay and may be inclusive of any benefits that the individual employee may receive. Super Group strives to provide its employees with a benefit offering that is competitive with the local or regional market offering for that level of employee at a cost to company level. In the case of members of unions, their pay is based on the agreements concluded by the Road Freight Bargaining Council.

At a total annual guaranteed salary level (variable pay excluded), Super Group offers market-related salaries. At a total annual salary level (guaranteed and variable pay), Super Group strives to be a superior payer, the underlying philosophy being that when the company and the individual achieve a high level of performance, the overall reward is superior to that of the average market offering.

The business units are responsible to ensure that individual employees are correctly positioned in the market from a guaranteed pay perspective and to this end must conduct regular market surveys and benchmarking studies. At a minimum this must be done on an annual basis but, where necessary, should be done to correct any imbalances. These studies use data that is accurate, relevant and up to date and take into consideration local market conditions as well as inflation trends.

Variable pay

Variable pay is that remuneration which is not guaranteed to the employee and which payment is dependent on the achievement of specified criteria at an individual employee level and/or a collective business level. This form of remuneration is also known as “at risk” pay.

Variable pay or “at risk” pay takes the form of bonuses or commission, with the latter being applicable generally to sales (quota-bearing) staff.

Generally, an employee’s variable pay is in the form of a bonus and is split into a “business performance bonus” portion and a “discretionary performance bonus” portion. The targets and bonus achievement splits for the executive directors and senior executives are set out in the next column.

Although commission is, by definition, also a form of “at risk” or variable pay in that it is not guaranteed to the employee, the criteria on which commission are earned are fundamentally different to those applied to bonus earnings.

REMUNERATION PACKAGE SPLIT

The package percentage split between the guaranteed and variable pay needs to be appropriate to the level of accountability carried by the individual employee and their “line of sight” in the business (i.e. the ability to affect the results). The guiding principle is that the greater the level of accountability and the closer the “line of sight”, the greater the risk portion of an employee’s remuneration package. The risk portion of remuneration ranges from 75:25 to 50:55 fixed to variable.

The targets for the executive directors are as follows:

Targets	Bonus weighting %	Maximum bonus ¹ achievement %
Profit before tax growth >9%	25.0	30.0
Return on net operating assets >WACC +30% premium (11.4% in 2016)	25.0	30.0
Core HEPS growth >9%	40.0	40.0
Discretionary personal KPIs	10.0	10.0
Total	100.0	110.0

Note 1: Percentage of annual guaranteed pay. Executive directors can earn a performance bonus to a maximum of 110% of their guaranteed pay. Bonuses are not earned in relation to any one element, should the performance in that element be less than 50% of such target. For achievement against target between 50% and 100%, the bonuses paid are pro-rated.

The targets for F2017 are unchanged from F2016.

The targets for the senior executives are as follows:

Targets	Bonus split %
Profit before tax growth >9%	90.0
Discretionary personal KPIs	10.0
Total	100.0

Senior executives can achieve bonuses of between 50% and 100% of their guaranteed pay depending on their role within the Group and the achievement of their targets. Bonuses are not earned should profit before or after taxation achievement be less than 50% of the targets. For achievement against target between 50% and 100%, the bonuses paid are pro-rated. The target for F2017 is unchanged from F2016.

Certain employees receive a bonus equivalent to approximately one month’s salary provided the Group has met its targets.

The remuneration package splits are deemed as appropriate for the various levels of employees. The PE Survey (salary surveys conducted by P-E Corporate Services) is one benchmark that is used to assess the market/industry salaries. For highly specialised positions other surveys are used.

SALARY INCREASES AND SALARY REVIEWS

There are three forms of salary increases that can be given, namely:

- Performance-based salary increase;
- Merit increases; and
- Salary adjustments.

Performance-based salary increases are awarded in recognition of an individual employee’s achievement and level of performance relative to their role in the organisation and the delivery against KPIs set in their performance review.

Remuneration Committee Report

> continued

Merit increases are awarded in recognition of consistent, exceptional performance by an individual employee whose delivery and achievements surpass that which is normally and/or reasonably expected of an employee in that role or may be awarded as a result of a promotion or job role change.

Salary adjustments are awarded to ensure that an individual employee is adequately compensated for the job that they do and/or their knowledge or skills relative to the market value of that job and/or knowledge or skills. Adjustments are made to ensure that no employee is de-incentivised to perform.

All salary increases are subject to the approval of the relevant line managers and must be submitted and actioned in accordance with the processes and procedures established by the Group approvals framework.

LONG-TERM INCENTIVES

The Group's long-term incentive programme is the Share Appreciation Rights Scheme (SARS). Senior managers within the Group are eligible to participate in the scheme.

The scheme supports the principle of aligning management and shareholder interests. Performance conditions governing the vesting of these rights are intended to be stretching but achievable. The performance conditions are related to headline earnings per share increasing by 2% per annum above the Consumer Price Inflation Index over the three-year performance period following the award. The grants are conditional upon the participant remaining employed during the performance period.

Remco approves the award of the grants and certifies the achievement of the three-year target prior to the grants vesting.

EXECUTIVE DIRECTORS' SHARE OPTION AND INCENTIVE SCHEME GRANTS

Executive directors participate in the Group's share option and incentive schemes, which are designed to recognise the contributions of senior staff to the growth in the value of the Group's equity and to retain key employees. Within the limits imposed by the company's shareholders, options are allocated to the directors and senior staff in proportion to their contribution to the business as reflected by their seniority and the company's performance. The options, which are allocated at a price determined by Remco, in terms of a resolution and the applicable Listings Requirements, vest after stipulated periods and are exercisable after a three-year period in terms of the scheme rules.

Share option allocations are considered at least annually and are recommended by Remco and approved by the Board. The underlying principle of these schemes is to provide direct linkage between the interests of shareholders and the efforts of executives or managers.

Targets are linked where applicable to the Group's medium-term business plan, over rolling three-year performance periods. The SARS incorporates performance target requirements which must be met

before the exercise of the share grants is permitted. Certain executive directors have an interest in the various share incentive schemes of the Group. The performance targets are set by Remco and may be varied from time to time.

DIRECTORS TRADING IN COMPANY SECURITIES

All directors are required to obtain clearance prior to trading in company securities. Such clearance must be obtained from the Chairman of the company or in his absence from a designated director. The Chairman consults the CEO and Group Company Secretary prior to his trading in the company's securities. Directors are required to inform their portfolio/investment managers not to trade in the securities of the company unless they have specific written instructions from that director to do so. Directors also may not trade in their shares during closed periods. Directors are further prohibited from dealing in the company's shares at any time when they are in possession of unpublished price-sensitive information in relation to those securities, or otherwise where clearance to deal is not given.

DIRECTORS' SERVICE CONTRACTS

Peter Mountford, the CEO, has a written letter of appointment which endures indefinitely and is subject to termination on one month's notice. Colin Brown, the CFO, has a written letter of appointment which endures indefinitely and is subject to termination on two months' notice. Both executives have change of control clauses included in their letters of appointment. The contractual relationship between the company and its executive directors is controlled through Remco which comprises non-executive directors only.

These contracts are formulated in a manner which is consistent with the provisions of the Basic Conditions of Employment Act.

BENEFICIAL AND NON-BENEFICIAL SHAREHOLDING

No director of the company held any beneficial or non-beneficial shareholding in the issued shares of the company as at 30 June 2017. There is no change to the date of this report.

INTEREST OF DIRECTORS IN CONTRACTS

Fluxmans Attorneys, a director-related entity, was appointed to assist Super Group with corporate law advisory services in respect of various transactions and several other corporate and labour matters. During the year the Group paid Fluxmans Attorneys R2.7 million (2016: R3.7 million) for general legal services of which approximately 23.7% (2016: 33.9%) is in respect of disbursements paid by Fluxmans on behalf of Super Group.

The directors have certified that they were not materially interested in any transaction of material significance and which significantly affected the business of the Group, with the company or any of its subsidiaries. Accordingly, no conflict of interest with regard to directors' interests in contracts exists. There have been no material changes in the foregoing between 30 June 2017 and the date of this report.

SECTION B

DIRECTORS' REMUNERATION AND FEES

The achievement of targets for the executive directors for FY2016 is as follows:

Targets	Bonus weighting %	F2016 achievements %	Bonus achievement %
Profit before tax growth >9%	25.0	24.6	30.0
Return on net operating assets >WACC +30% premium (11.4% in 2016)	25.0	13.9	30.0
Core HEPS growth >9%	40.0	9.0	40.0
Discretionary personal KPIs	10.0	100.0	10.0
Total	100.0		110.0

The following tables show a breakdown of the annual remuneration (excluding equity awards) of directors for the years ended 30 June 2017 and 30 June 2016:

Year ended 30 June 2017	Basic remuneration ¹ R	Subsidiary directors' fees ² R	Retirement contributions R	Other material benefits ³ R	Total excluding performance R	Performance bonus R	Total R
P Mountford	4 972 160	1 199 648	346 399	280 073	6 798 280	6 990 000	13 788 280
C Brown	2 944 204	–	347 066	155 492	3 446 762	3 440 000	6 886 762
Total	7 916 364	1 199 648	693 465	435 565	10 245 042	10 430 000	20 675 042

Notes:

1. Remuneration comprises gross salary.
2. For services as a director of SG Fleet, amounting to AUD117 500.
3. Other material benefits include entitlement to fuel, cover on the Group's medical healthcare and disability scheme, funeral benefits and travel allowances. These benefits are granted on similar terms to other senior executives.

Year ended 30 June 2016	Basic remuneration ¹ R	Subsidiary directors' fees ² R	Retirement contributions R	Other material benefits ³ R	Total excluding performance R	Performance bonus R	Total R
P Mountford	4 324 962	1 121 464	592 466	382 571	6 421 463	6 277 000	12 698 463
C Brown	2 810 042	–	344 400	125 558	3 280 000	3 608 000	6 888 000
Total	7 135 004	1 121 464	936 866	508 129	9 701 463	9 885 000	19 586 463

Notes:

1. Remuneration comprises gross salary.
2. For services as a director of SG Fleet, amounting to AUD107 500.
3. Other material benefits include entitlement to fuel, cover on the Group's medical healthcare and disability scheme, funeral benefits and travel allowances. These benefits are granted on similar terms to other senior executives.

Remuneration Committee Report

> continued

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors generally receive fixed fees for service on the Board and Board committees. Non-executive directors do not receive short-term incentives nor do they participate in any long-term incentive schemes. The fees paid to non-executive directors were approved by Remco, the Board and shareholders at the AGM.

	Fixed directors' fees including allowances	Meeting attendance fees	Year ended 30 June 2017 (excluding VAT)	Year ended 30 June 2016 (excluding VAT)
	R	R	R	R
P Vallet ¹ – South Africa	652 083	200 000	852 083	735 442
E Banda	344 167	220 000	564 167	584 742
V Chitalu	344 167	130 000	474 167	491 442
J Newbury	344 167	335 000	679 167	551 742
D Rose	344 167	360 000	704 167	733 042
M Cassim	344 167	190 000	534 167	595 642
Total	2 372 918	1 435 000	3 807 918	3 692 052

1. Billed by Fluxmans Inc. P Vallet's full-time employer.

EXECUTIVE DIRECTORS' SHARE OPTION AND INCENTIVE SCHEME GRANTS

Analysis of directors' share option entitlements as at 30 June 2017

Executive directors' options	Allocation date	Strike price R	Balance at 1/7/2016	Awarded	Exercised	Exercise date	Exercise price R	Balance at 30/6/2017	Share based payment expenses R'000
Peter Mountford	26/8/2013	22.33	1 184 546	–	(600 000)	30/8/2016	40.67	584 546	
	19/8/2014	31.13	1 087 020	–	–			1 087 020	
	26/8/2015	31.85	1 071 370	–	–			1 071 370	
	31/8/2016	40.20	–	850 000	–			850 000	
Total			3 342 936	850 000	(600 000)			3 592 936	5 580
Colin Brown	26/8/2013	22.33	807 645	–	(807 645)	12/9/2016	42.47	–	
	19/8/2014	31.13	760 914	–	–			760 914	
	26/8/2015	31.85	749 959	–	–			749 959	
	31/8/2016	40.20	–	500 000	–			500 000	
Total			2 318 518	500 000	(807 645)			2 010 873	3 780
Total directors' options			5 661 454	1 350 000	1 407 645			5 603 809	9 360

Notes:

- P Mountford exercised 800 000 options on 28 August 2017 and sold 303 891 shares with an after tax gain of R6 553 870.
- C Brown exercised 760 914 options on 29 August 2017 and sold 169 029 shares with an after tax gain of R3 579 189.
- P Mountford exercised 300 000 options on 1 September 2017 and sold 70 428 shares with an after tax gain of R1 597 861.

Share option gains after tax

	2017	2016
	R'000	R'000
Executive directors		
P Mountford	6 492	8 252
C Brown	9 597	5 616
Total	16 089	13 868

On behalf of the Remuneration Committee

John Newbury

Remuneration Committee Chairman

20 September 2017

Group Social and Ethics Committee Report

Members: David Rose (Chairman), Peter Mountford and Colin Brown

TERMS OF REFERENCE

The Group Social and Ethics Committee has a Board-approved Social and Ethics Charter which incorporates the responsibilities of the Committee and its terms of reference, aligned to the guidelines and requirements provided by the Companies Act and King IV. The Charter is regularly reviewed and updated where necessary to ensure that its terms of reference comply with all regulatory and legislative guidelines and that the Committee performs its duties in terms of all the relevant regulatory requirements. The Committee has executed its duties in accordance with these terms of reference during the past financial year.

COMPOSITION

At 30 June 2017, the Committee comprised one independent non-executive director, David Rose (Chairman) and two executive directors, Peter Mountford and Colin Brown. The executive managers of the Group and the Group Legal Manager attend by invitation. The Group Company Secretary acts as the Committee Secretary.

In terms of King IV, the majority of Committee members should consist of non-executive directors. Super Group has taken a decision that the duties of the Group Social and Ethics Committee overlaps with certain duties performed by Remco, the Group Audit Committee and the Group Risk Committee and are therefore satisfied that all of the independent non-executive directors not serving on the Group Social and Ethics Committee, are updated on all the social and ethics-related matters of the Group.

MEETINGS

The Committee held two meetings during the year.

STATUTORY DUTIES

This Committee has a broad mandate in terms of the Companies Act and King IV.

In execution of its statutory duties, the Committee endeavours to:

- execute its statutory duties in terms of the requirements of the Companies Act and King IV;
- consult advisors and attend presentations on the various aspects of the duties and responsibilities relating to social and ethics issues;
- create a reporting structure for the Group's business units in respect of the Committee's requirements;
- monitor the Group's compliance with the United Nations Global Compact 10 Principles on Human Rights, Environment, Labour and Anti-Corruption;
- monitor the Group's compliance with the Organisation for Economic Co-operation and Development recommendations regarding corruption;
- monitor the Group's compliance with the International Labour Organisation's definition of "Decent Work";
- monitor the Group's Corporate Social Investment;
- monitor the Group's achievements against its Employment Equity Plan; and
- monitor the B-BBEE Staff Empowerment Scheme.

The Committee is satisfied with the Group's progress in the different areas and with the plans for the 2018 financial year. The Committee is aware its function will continue to evolve as it addresses all the responsibilities within its mandate as well as bring it in line with the King IV requirements.

The economic and social sustainability of Super Group is important to the Group and the Sustainability Report has been created which reports in more detail on its staff, environmental and Corporate Social Investment. The Sustainability Report can be found on the Group's website www.supergroup.co.za.

On behalf of the Group Social and Ethics Committee

David Rose

Group Social and Ethics Committee Chairman

20 September 2017