

Remuneration Report

Introduction

Super Group's remuneration philosophy is set with the intentions of ensuring the achievement of the Group's performance objectives and the encouragement of sustainable long-term performance. The remuneration policy has a direct impact on employee behaviour, operational performance, company culture and strategic alignment of the Group. The Remuneration Committee ("Remco") 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.

Remco	
Chairperson	John Newbury (Independent Non-executive Director)
Members	Philip Vallet (Independent Non-executive Director) Valentine Chitalu (Independent Non-executive Director)
Independence	All Remco members are independent non-executive directors
Secretary	Peter Mountford
Role and function	Remco considers the remuneration policy of the Group with the assistance and guidance of independent external consultants, P-E Corporate Services, where necessary, to determine market-related remuneration levels.
Responsibilities	<ul style="list-style-type: none">/ Reviews Exco's performance, 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./ Ensures that the executive directors' remuneration mix, in respect of "guaranteed pay" and "variable pay", is appropriate, so as to align the directors' interests with those of shareholders./ Assesses 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./ 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.
Assurance	Remco is governed by the good corporate governance principles and the Group's value statement. The members of Remco hereby confirms that they were diligent in exercising their duties of care and skill and that they have taken reasonable steps to ensure that they performed their duties in accordance with the Remco mandate.

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.

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 Remco. The process to be followed will be set out in a SENS announcement.

The Super Group remuneration policy received support from the shareholders who voted in favour of the policy at the most recent and prior AGMs and the results are indicated in the table below:

Percentage of "For" votes	28 November 2017	22 November 2016
Endorsement of the remuneration policy	75.14%	95.09%
Endorsement of the implementation of the remuneration policy	77.08%	N/A

Activities undertaken by Remco during the year

During the year under review, Remco reviewed the remuneration policy to ensure that it is aligned with applicable regulation and remuneration principles contained in the Group's value statement as well as corporate governance guidelines.

The Remuneration Report was aligned to King IV Principles to articulate and demonstrate the link between strategy, value creation, performance and remuneration.

Remco also reviewed the remuneration packages and structure of executives to ensure that they are competitive in the relevant market and are aligned with shareholders' interest as well as with the Group's strategy and performance.

Outlook for 2019

Remco has identified the following key areas for the year ending 30 June 2019:

- / Be the employer of choice in the industries in which Super Group operates.
- / Develop and retain existing employees.
- / Identify, develop and retain a skilled and knowledgeable workforce.
- / Attract new talent and skills whilst addressing race and gender diversity.

The following action items have been identified to achieve our goals:

- / Engagement with employees at all levels and across all geographies.
- / Creating an environment for all employees to develop themselves.
- / Relevant and meaningful internal and external development programmes.

Remuneration Report (continued)

SECTION A: REMUNERATION POLICY

Objectives of the remuneration policy

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

The Group Remuneration and Reward Policy is designed to:

- / Support and help execute the Group strategy by rewarding staff members for “performance” and for “living the values”.
- / Build together with the performance management process, 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.

Key principles of the remuneration policy

The Group’s value statement governs the way employees conduct themselves in all interactions internally and externally. 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).

Remuneration policy and structure for executive directors

The executive 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 executive directors.

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.

Total remuneration package of executive management and employees

The total remuneration package of a Super Group executive management employee is split between “guaranteed pay” and “variable pay”. In addition, there are long-term incentive schemes available for executive management to ensure the retention of key employees.

REMUNERATION PACKAGE SPLIT

GUARANTEED Cash-based remuneration	VARIABLE Bonus	LONG-TERM INCENTIVES																								
Paid monthly	Paid annually	Awarded annually																								
50% – 75% of package	25% – 60% of package																									
Includes: <ul style="list-style-type: none"> / Basic salary / Medical healthcare scheme / Car and travel benefits 	Executive directors <table border="1"> <thead> <tr> <th>Targets</th> <th>Bonus weighting %</th> <th>CEO Maximum bonus achievement %</th> <th>CFO Maximum bonus achievement %</th> </tr> </thead> <tbody> <tr> <td>Profit before tax growth >9%</td> <td>25.0</td> <td>30.0</td> <td>25.0</td> </tr> <tr> <td>Return on net operating assets >WACC +30% premium (2017: 12.2%)</td> <td>25.0</td> <td>30.0</td> <td>25.0</td> </tr> <tr> <td>HEPS growth >9%</td> <td>40.0</td> <td>40.0</td> <td>40.0</td> </tr> <tr> <td>Discretionary personal KPIs</td> <td>10.0</td> <td>10.0</td> <td>10.0</td> </tr> <tr> <td>Total</td> <td>100.0</td> <td>110.0</td> <td>100.0</td> </tr> </tbody> </table>	Targets	Bonus weighting %	CEO Maximum bonus achievement %	CFO Maximum bonus achievement %	Profit before tax growth >9%	25.0	30.0	25.0	Return on net operating assets >WACC +30% premium (2017: 12.2%)	25.0	30.0	25.0	HEPS growth >9%	40.0	40.0	40.0	Discretionary personal KPIs	10.0	10.0	10.0	Total	100.0	110.0	100.0	Executive directors and certain employees
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Three forms of increases: <ul style="list-style-type: none"> / Performance-based / Merit / Adjustment to bring in line with market 	Senior executives <table border="1"> <thead> <tr> <th>Targets</th> <th>Bonus split %</th> </tr> </thead> <tbody> <tr> <td>Profit before tax growth >9%</td> <td>90.0</td> </tr> <tr> <td>Discretionary personal KPIs</td> <td>10.0</td> </tr> <tr> <td>Total</td> <td>100.00</td> </tr> </tbody> </table>	Targets	Bonus split %	Profit before tax growth >9%	90.0	Discretionary personal KPIs	10.0	Total	100.00	Share Appreciation Rights Scheme (SARS) <p>Objectives:</p> <ul style="list-style-type: none"> / To recognise the contribution to the growth in value of the Group's equity; / Retain key employees; and / To align management and shareholder interests <p>Targets:</p> <ul style="list-style-type: none"> / Vesting of the SARS rights is subject to HEPS growth of >2% above CPI over a three-year performance period following the award 																
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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.

Remuneration Report (continued)

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 on pages 14 and 17.

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 50:60 fixed to variable.

The targets for the executive directors are as follows:

Targets	Group CEO Bonus weighting %	Group CFO Bonus weighting %
Profit before tax growth >9%	30.0	25.0
Return on net operating assets >WACC +30% premium (2017: 12.2%)	30.0	25.0
HEPS growth >9%	40.0	40.0
Discretionary personal KPIs	10.0	10.0
Total	110.0	100.0

Note 1: Percentage of annual guaranteed pay. The Group CEO can earn a performance bonus to a maximum of 110% of his 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.

In line with the Group dropping Core HEPS as a measure, the target was changed from Core HEPS growth of >9% to HEPS growth of >9% with effect from F2018. The remaining targets for F2018 are unchanged from F2017.

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 F2018 is unchanged from F2017.

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:

- (a) Performance-based salary increase;
- (b) Merit increases; and
- (c) 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.

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 JSE 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.

Remuneration Report (continued)

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 2018.

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 R3.9 million (2017: R2.7 million) for general legal services of which approximately 36.1% (2017: 23.7%) 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 2018 and the date of this report.

SECTION B: DIRECTORS' REMUNERATION AND FEES

The achievement of targets for the executive directors for FY2017 is as follows:

Targets	Group CEO Bonus weighting %	Group CFO Bonus weighting %	F2017 achievements %	Group CEO Bonus achievement %	Group CFO Bonus achievement %
Profit before tax growth >9%	30.0	25.0	93.0	27.9	23.2
Return on net operating assets >WACC +30% premium (2017: 12.2%)	30.0	25.0	100.0	30.0	25.0
Core HEPS growth >9%	40.0	40.0	89.2	35.7	35.7
Discretionary personal KPIs	10.0	10.0	100.0	10.0	10.0
Total	110.0	100.0		103.6	93.9

The targeted increase in HEPS for the award of the 2015 share options was 21.9% (2017: 2014 share options 22%). The actual growth in HEPS over the period was 25.6% (2017: 30.6%).

The following tables show a breakdown of the annual remuneration (excluding equity awards) of directors for the years ended 30 June 2018 and 30 June 2017.

Year ended 30 June 2018	Basic remuneration ¹ R	Subsidiary directors' fees ² R	Retirement contributions R	Other material benefits ³ R	Total excl performance R	Performance bonus R	Total R
P Mountford	5 201 446	1 166 855	349 999	348 555	7 066 855	6 820 000	13 886 855
C Brown	3 070 444	–	349 999	127 556	3 547 999	3 000 000	6 547 999
Total	8 271 890	1 166 855	699 998	476 111	10 614 854	9 820 000	20 434 854

Notes:

1. Remuneration comprises gross salary.
2. For services as a director of SG Fleet, amounting to AUD117 502.
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 2017	Basic remuneration ¹ R	Subsidiary directors' fees ² R	Retirement contributions R	Other material benefits ³ R	Total excl 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.

Remuneration 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 R	Meeting attendance fees R	Year ended 30 June 2018 (excl VAT) R	Year ended 30 June 2017 (excl VAT) R
P Vallet ¹ – South Africa	700 000	265 000	965 000	852 083
E Banda	361 667	205 000	566 667	564 167
V Chitalu	361 667	170 000	531 667	474 167
J Newbury	361 667	265 000	626 667	679 167
D Rose	361 667	420 000	781 667	704 167
M Cassim	361 667	230 000	591 667	534 167
Total	2 508 335	1 555 000	4 063 335	3 807 918

Note 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 2018

Executive directors' options	Allocation date	Strike price R	Balance at 01/07/2017	Awarded	Exercised	Exercise date	Exercise price R	Balance at 30/06/2018	Share based payment expenses R'000
Peter Mountford	26/08/2013	22.33	584 546		584 546	28/08/2017	39.83	–	
	19/08/2014	31.13	1 087 020		215 454	28/08/2017	39.83	300 000	
					300 000	01/09/2017	40.68		
					271 566	22/09/2017	43.35		
	26/08/2015	31.85	1 071 370					1 071 370	
	31/08/2016	40.20	850 000					850 000	
30/08/2017	38.64	–	1 200 000				1 200 000		
Total			3 592 936	1 200 000	1 371 566			3 421 370	6 173
Colin Brown	19/08/2014	31.13	760 914		760 914	29/08/2017	40.02	–	
	26/08/2015	31.85	749 959					749 959	
	31/08/2016	40.20	500 000					500 000	
	30/08/2017	38.64	–	650 000				650 000	
Total			2 010 873	650 000	760 914			1 899 959	3 627
Total directors' options			5 603 809	1 850 000	2 132 480			5 321 329	9 800

Share option gains after tax

	2018 R'000	2017 R'000
Executive directors		
P Mountford	10 058	6 492
C Brown	3 720	9 597
Total	13 778	16 089

Directors trading in company securities

The only change between 30 June 2018 and the date of this report is that Mr John Newbury purchased 27 500 shares for a total consideration of R1 014 374.05 on 28 August 2018.

On behalf of the Remuneration Committee

John Newbury
Remuneration Committee Chairman

27 September 2018