

REMUNERATION REPORT



– Introduction from the committee chairman –

Imperial is sensitive to the global debate on executive compensation, where its correlation to performance is too often tenuous and coincidental.

At the same time the biggest and most pressing threat facing the global economy today is the shortage of skills – we simply have too few experienced managers, leaders, professionals and technicians.

With regard to executive compensation, Imperial will strive firstly, to ensure that our governance and disclosure is transparent, and secondly, that we do not compromise unduly on performance criteria when external factors outside our control stifle performance.

Throughout the group, we attempt to compensate individuals fairly for a specific role, with due regard to their skills and performance.

The compensation of most of our unionised employees is determined collectively or based on sector norms. We strive to maintain positive day-to-day working relationships with our unionised employees, and to balance their right to industrial action with the rights of the group to conduct its activities.

At the 2015 annual general meeting (AGM), 95% of shareholders voted in favour of the group's remuneration policy, a significant improvement from the 70% in the previous year. Although a non-binding advisory vote, the board continues to take into account the views expressed by shareholders in its deliberations and remains deeply committed to responsible conduct, sound governance and transparency regarding executive compensation.

KEY FOCUS AREAS

The group undertakes regular benchmarking of the remuneration packages of the CEO as well as executive directors and senior staff members with the assistance of PricewaterhouseCoopers.

In addition, during the year the committee considered and approved:

- > The general composition of remuneration packages.
- > The criteria for bonus and incentive awards.
- > The amount of bonus and incentive awards in accordance with set criteria.
- > Executive and general long-term incentive awards.
- > The CEO's remuneration.

Approval

This remuneration report has been approved by the board of directors.

COMMITTEE CHAIRMAN

The committee is chaired by RJA Sparks, who is the lead independent non-executive director.

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ROLE OF THE COMMITTEE

The committee advises and guides the board on the following:

- > Accurate and transparent disclosure of directors' remuneration.
- > The establishment and implementation of remuneration policies for non-executive directors, executive directors and other executives, to ensure that the company remunerates directors and executives fairly and responsibly.
- > Approval of the general composition of remuneration packages and the criteria for executive bonus and incentive awards.
- > Increases to non-executive directors' fees.
- > Material changes to the group pension and provident funds and medical aid schemes when appropriate.
- > The administration of share-based incentive schemes.

COMMITTEE MEMBERSHIP

At year end, the members of the remuneration committee were RJA Sparks (chairman), SP Kana, P Langeni and A Tugendhaft. All are non-executive directors. TS Gcabashe resigned during the year and was succeeded by SP Kana.

The group chief executive officer (CEO) and chief financial officer (CFO) attend committee meetings by invitation and assist the committee in its deliberations, except when issues relating to their own remuneration and performance are discussed. No director is able to decide his or her own remuneration.

Meeting attendance

Member	<i>Regular meetings</i>
RJA Sparks* (chairman)	4/4
TS Gcabashe*#	2/2
SP Kana* ^z	2/2
P Langeni*	4/4
A Tugendhaft	4/4

* Independent non-executive director

Resigned during the year

^z Appointed during the year

REMUNERATION POLICY

The group's remuneration policy was approved by shareholders at the AGM on 3 November 2015. The policy will be submitted to shareholders for approval by non-binding advisory vote at the AGM on 1 November 2016.

Determination of performance incentives

Imperial has various formal and informal frameworks for performance management that are directly linked to either increases in total cost to company or annual short-term incentive bonuses. Performance management and assessment sessions take place regularly throughout the group, where company performance, personal achievement of key performance indicators (KPIs), and delivery on key strategic imperatives are discussed.



Page 91 for an indication of management's KPIs.

	2016	2015
Total number of employees	51 256	51 361
Total compensation paid to employees (Rm)	16 981	15 647
Total compensation as a % of revenue	14	14

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Remuneration breakdown

The group's employees are key determinants of its success. Employee remuneration, particularly guaranteed pay, is a significant component of the group's total operating costs. The group's remuneration policy seeks to attract and retain quality employees at all levels. Remuneration is structured to be competitive and relevant in the sectors in which the group operates, and divisions review their remuneration policies regularly.

SALARIED EMPLOYEES

Cost to company	Short-term incentives	Long-term incentives	Other benefits
<ul style="list-style-type: none"> > Total cost to company (TTC) is monitored and benchmarked on an ongoing basis. > Remuneration levels take into account industries and sectors from which skills are acquired or to which skills are likely to be lost, the general market and the market in which each business operates. > TTC and the mix of fixed and variable pay are designed to meet each business's industry, operational needs and strategic objectives, based on stretch targets that are verifiable and relevant. > The structure of remuneration for unionised employees is driven by collective bargaining and sectoral determinations. > General adjustments to guaranteed pay levels are effective from 1 July each year. In unionised environments, collective bargaining arrangements may come into operation at other agreed times. > Annual increase parameters are set using guidance from group budgeting processes, market movements, individual performance, the performance of the division and/or company and other relevant factors. > Increases above inflation depend on divisional or departmental and individual performance. 	<p>Divisions pay short-term bonuses aligned to industry best practice and in some cases include a guaranteed bonus equal to one month's salary. However, in the majority of cases bonuses depend on the performance of the individual and business in which they are employed.</p>	<p>Only salaried employees at senior management level qualify for long-term incentives.</p>	<p>Pension fund (compulsory), provident fund and medical aid (compulsory above a certain salary threshold. Includes both regular and budget options).</p>

EMPLOYEES PAID BY THE HOUR

Cost to company	Short-term incentives	Long-term incentives	Other benefits
<ul style="list-style-type: none"> > Annual increases in remuneration and bonuses generally determined at industry level through collective bargaining and negotiations between the industry and trade unions. > The group aims to remunerate employees fairly and in line with sound business and remuneration principles, beyond minimum wage. Increases for deserving employees are determined based on merit. > Where appropriate, employees receive ongoing training and promotions, with concomitant rate increases. These promotions are discussed and authorised by both supervisors and line management. 	<p>Bonuses are determined annually in line with agreements signed with various unions. Where appropriate, certain individuals are awarded additional bonuses in line with their individual performance. These bonuses are reviewed and approved by divisional management.</p>	<p>No long-term incentives.</p>	<p>Pension fund (compulsory), provident fund and medical aid (includes both regular and budget options. Some hourly paid employees belong to bargaining council medical schemes and pension funds).</p>

EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

Policy

Executives are responsible for leading others and taking significant decisions about the short- and long-term operation of the business, its assets, funders and employees. **They require specific skills and experience and are held to a higher level of accountability.**

Imperial's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the group's strategy to optimise long-term shareholder value. The group's remuneration policy also aims to align the entrepreneurial ethos and long-term interests of senior managers and executives with those of shareholders.

The remuneration policy is intended to conform to best practice. It is structured around the following key principles:

Total rewards are set at levels that are responsible and competitive within the relevant market.

Incentive-based rewards are capped and earned through the achievement of demanding growth and return targets consistent with shareholder interests over the short, medium and long term.

Incentive plans, performance measures and targets are structured to operate soundly throughout the business cycle.

The design and implementation of *long-term incentive schemes* are prudent and do not expose shareholders to unreasonable financial risk.

Elements of executive remuneration

Executive remuneration comprises the following key elements:

1 >> BASE SALARY

2 >> ANNUAL INCENTIVES

3 >> SHARE-BASED LONG-TERM INCENTIVE AND RETENTION SCHEMES

4 >> OTHER BENEFITS may include a car allowance or a fully maintained car, pension or provident fund contributions, medical insurance, death and disability insurance.

The remuneration committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and between those aspects of the package linked to short-term performance and those linked to longer-term shareholder value creation.

The group's general philosophy for executive remuneration is that the performance-based pay of executive directors and senior managers should form a significant portion of their expected total compensation. There should also be an appropriate balance between rewarding operational performance (through annual incentive bonuses) and rewarding long-term sustainable performance (through long-term and/or share-based incentives).

1 BASE SALARY

Base salary is the total cost to company (TTC) before short-term incentives. The fixed remuneration of each executive is based on roles in similar companies, which are comparable in terms of size, market sector, business complexity and international scope.

When determining annual base salaries, factors taken into account include inflation and salary trends, group performance, individual performance and changes in responsibilities.

2 ANNUAL INCENTIVE

All executives are eligible to receive a performance-related annual bonus. The bonus is non-contractual and not pensionable. The committee reviews bonuses annually and determines the level of each bonus based on performance criteria set at the beginning of the performance period.

The criteria differ depending on the position of each executive and the division in which they operate. Criteria include:

Group return on invested capital (ROIC)

The base target for ROIC is achievement of the weighted average cost of capital (WACC) and the measurement pays on the gap between ROIC and WACC. This measurement is not capped. WACC is based on the group's actual mix of the cost of equity and debt for the year, calculated on a monthly average basis.

Group core earnings per share (EPS) growth

The measurement starts to pay out above a base target for core EPS growth. This measurement has no cap in order to avoid the risk of profit smoothing.

Divisional ROIC versus WACC

The base target for ROIC is the achievement of WACC. The measurement pays on the gap between ROIC and WACC. This measurement is not capped. For the group's insurance businesses, return on insurance group equity value is used.

Divisional profit before interest and tax (PBIT) growth

The measurement starts to pay out above a base target for PBIT growth. This measurement has no cap in order to avoid the risk of profit smoothing.

Employment equity achievement:

Measurement of the executive committee members with group responsibility

This measurement is based on sub-measurements for the organisation as a whole and at divisional level:

- > Management control
- > Employment equity
- > Skills development
- > Growth in black top, senior and middle management

Talent management

This measurement is based on the creation of a talent management strategy and framework. It includes the implementation of a strategic talent management plan and the development of a three- to five-year succession plan for key staff members.

Project-based and discretionary

Project-based and discretionary bonuses allow flexibility to nominate particular projects and allow for performance on non-quantitative aspects during the year to be taken into consideration. The remuneration committee has further discretion to authorise special bonuses for projects

successfully completed during the year, which are awarded in exceptional cases. This component allows the committee to make adjustments in circumstances which could not be foreseen at the start of the period or are not in the control of a particular executive, such as a general market downturn or the demise of a significant competitor, which could affect divisional performance downwards or upwards beyond the control of the executive in question.

Annual short-term incentive bonus (STI)

	STI as % of TTC for on-target performance (maximum)
Executive directors	150%
Senior management	60% to 100%
First-line operational management	50%

The committee sets the minimum performance levels required for any annual incentive bonus to be paid. The on-target annual incentive bonus is payable on achieving agreed targets.

3 SHARE-BASED LONG-TERM INCENTIVE AND RETENTION SCHEMES

Executive participation in long-term incentive and retention schemes is based on criteria such as seniority, performance during the year and retention drivers. Any senior employee with significant managerial or other responsibility, including any director holding salaried employment or office in the group, is eligible to participate in long-term incentive schemes. Non-executive directors may not be awarded rights in any of the incentive schemes.

The group has three long-term incentive plans:

- > Share appreciation rights (SARs) scheme
- > Deferred bonus plan (DBP)
- > Conditional share plan (CSP)

Selected participants receive annual grants of SARs, which are conditional rights to receive Imperial shares equal to the difference between the exercise price and the grant price. Vesting of rights is subject to performance conditions being met and participants remaining employed with the group for the vesting period. The performance conditions and the performance period are determined by the board annually in respect of each new grant of rights.

The SARs vest after three years and lapse four years from vesting; the latter has been changed to two years from 1 July 2016.

The current performance targets employed in the SARs are the achievement of specified targets set by the committee. These include:

	Percentage of SAR awards
Growth in core EPS, relative to the growth in core EPS or headline earnings per share (HEPS) of a selected peer group of 20 JSE-listed companies	50%
ROIC compared to WACC, over a three-year period	50%

The extent to which each performance condition has been met is determined on the vesting date as follows:

CORE EPS GROWTH

If the core EPS growth of the company is below the lower quartile of the selected peer group:

0% OF SARs WILL VEST

If the core EPS of the company is equal to the lower quartile of the selected peer group:

30% OF SARs WILL VEST

If the core EPS of the company is equal to or above the upper quartile of the selected peer group:

100% OF SARs WILL VEST

Linear vesting occurs between 30% and 100%, depending on the company's performance relative to the peer group if core EPS growth falls in the second or third quartile.

ROIC

If the average ROIC for the company over the performance period is lower than the average WACC of the company over the performance period:

0% OF SARs WILL VEST

If the average ROIC over the performance period is equal to the average WACC over the performance period:

30% OF SARs WILL VEST

If the average ROIC over the performance period is equal to or above a pre-determined target percentage:

100% OF SARs WILL VEST

Linear vesting occurs between 30% and 100%, depending on the company's performance if ROIC is between WACC and the target percentage.

In addition to performance of the group, the minimum core EPS and ROIC target threshold level takes into account the important objective of retention of key employees during times when business conditions are challenging.

The targets and measures relating to each issue are detailed in a letter of grant. After vesting, the rights may be exercised by a participant within four years after vesting; this has been changed to two years from 1 July 2016. Upon exercise by a participant, the difference between the exercise price and the grant price is paid by:

- > Delivering Imperial shares that will be purchased on the open market; or
- > As a fall-back provision only, by the issue of new shares; or
- > Settling the value in cash.

Deferred bonus plan (DBP)

Qualifying senior employees are required to purchase Imperial shares which are held in escrow by the company. On the condition that the participant remains in the employ of the group and retains the shares over a three-year period, a matching award of Imperial shares is made on vesting. A participant remains the owner of the shares for the duration of the three-year period and enjoys all shareholder rights in respect of the shares. Although shares can be sold by the participant at any stage, the matching award is forfeited in line with the level of sales of the shares.

SARs and DBPs

Allocations under SARs and DBPs are made annually based on the following criteria:

Performance of the participant	The job grading of the participant	Key retention considerations regarding participants
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The quantum of allocations of SARs and DBPs is calculated using a model developed by PricewaterhouseCoopers and is determined on the expected value of an allocation expressed as a percentage of TCTC (fixed remuneration). The percentage allocated is determined based on retention considerations and the job grading of the participant, which also determines whether a participant receives both SARs and DBPs or only SARs or only DBPs.

Benchmark awards for SARs and DBPs:

	Expected values as % of total guaranteed package
Executive directors	100%
Senior management	50% – 66%
First-line operational management	20% – 35%

The value of long-term share-based incentives is determined in the financial year of allocation using the Black-Scholes methodology. This is based on a number of assumptions, which include the original award price, the expected rate of share price growth and the expected fulfilment of related performance conditions. The eventual gains from long-term share-based incentives will vary from year to year depending on vesting and exercise patterns, as well as the impact on share price performance and external factors such as market sentiment, interest rates, commodity prices and exchange rates.

Conditional share plan (CSP)

The CSP is utilised in exceptional circumstances only. Employees receive grants of conditional awards and the vesting is subject to performance conditions. The performance conditions for the CSP will be based on individual targets set by the board.

4 OTHER BENEFITS

Executive directors are entitled to a car allowance or a fully maintained car, pension or provident fund contributions, medical insurance and death and disability insurance. Providing these benefits is considered to be market competitive for executive positions.

TERMINATION OF EMPLOYMENT

Resignation, dismissal or retirement

If a participant's employment terminates due to resignation or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given by the employee or otherwise or if he/she resigns to avoid dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct) before the vesting date, all share appreciation rights, conditional awards and all matching awards will lapse, unless the board determines otherwise.

Retrenchment, death, ill health, disability or other reasons for cessation of employment

If a participant ceases to be an employee due to retrenchment, death, ill health, disability or reasons other than resignation, dismissal or retirement, the board will by written notice to the participant or the executor of the deceased estate permit a pro-rata portion of the unvested SARs and/or unvested conditional awards and/or matching awards to vest on the date of cessation of employment.

The pro-rata portion of the SARs and conditional awards that vest will, unless the board determines otherwise, reflect the number of months served since the date of grant and the extent to which the performance conditions have been satisfied. In the case of matching awards, the allocation will be based on the number of bonus shares held and the DBP period at the time of cessation of employment, unless the board determines otherwise.

The balance of the unvested SARs not permitted to be exercised or unvested conditional awards or matching awards that do not vest will lapse.

Total allocations

A total of 16 470 932 SARs remain unexercised in terms of the SARs scheme at an average price of R164.23 per share. A total of 1 078 623 DBPs have been taken up and remain unvested. A total of 196 319 CSPs have been taken up and remain unvested.

Hedge

The group hedges its exposure to deliver shares in terms of share-based long-term incentive schemes by taking out hedges or buying back shares to avoid dilution associated with the issue of shares. All SARs awards have been fully hedged through a combination of shares purchased and the purchase of call options, after allowing for attrition over the vesting period. All DBPs and CSPs have been hedged in full, assuming no attrition via a share buyback.

RETIREMENT SCHEMES

Executives participate in contributory retirement schemes which include pension and provident funds established by the group. Executive retirement is governed by their retirement scheme rules, subject to the ability of the company to enter into fixed-term contracts to extend the services of any executive within certain prescribed limits.

SUCCESSION POLICY AND PLANS

The committee considers succession plans for executives and regularly reviews identified successors for key positions in the group. This process includes:

- > The identification of current incumbents in key positions.
- > An assessment of how long the current incumbent is expected to remain in the position.
- > Identification of candidates vulnerable due to age, health or attractiveness to competitors.
- > Identification of potential short-term successors, both internally and externally.
- > Identification of potential long-term successors, both internally and externally.
- > Positioning and development of potential successors.

In line with its strategic objective of implementing leading-edge talent management processes, the group has embarked on a process to measure and develop the executive talent pool. The Imperial executive forum, which comprises the 150 most senior executives and other high-potential employees, is the focal point of this initiative and will strengthen the group's internal succession capability.



For more information on talent development and succession, see the Our material issues section on page 29 and the CEO's report on page 40.

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EXTERNAL APPOINTMENTS

Executives are not permitted to hold external directorships or offices, other than those of a personal nature, without the approval of the board.

DIRECTORS' SERVICE CONTRACTS

Directors' contracts can all be terminated by giving them between one and six months' notice.

Directors' appointments are made in terms of the company's MOI and are initially confirmed at the first annual general meeting of shareholders following their appointment, and thereafter by rotation.

NON-EXECUTIVE DIRECTORS' FEES

The remuneration committee reviews and recommends to the board fees payable to non-executive directors. The board in turn makes recommendations to shareholders after considering the fees paid by comparable companies, responsibilities of the non-executive directors and considerations relating to the retention and attraction of high-calibre individuals. The group has decided to maintain a structure where directors' fees are not split between membership and attendance fees, as the group has not had significant instances of non-attendance of meetings.

Fees for 2016

The table below provides an analysis of the emoluments paid to non-executive directors for the year ended 30 June 2016.

	DIRECTORS' FEES R'000	SUBSIDIARY/ ASSOCIATE AND SUB-COMMITTEE FEES R'000	2016 TOTAL R'000	2015 TOTAL R'000
			TOTAL	TOTAL
Non-executive directors				
HR Brody ¹				233
P Cooper ³	239	472	711	78
GW Dempster ³	239	375	614	78
ST Dingaana ⁵	239	232	471	510
S Engelbrecht ²				214
TS Gcabashe ⁴	479		479	1 305
SP Kana ³	715	343	1 059	173
RM Kgosana ³	239	498	737	
P Langeni	239	307	546	499
MJ Leeming ⁴	164		164	960
V Moosa	239	253	492	464
RJA Sparks	239	890	1 129	895
A Tugendhaft	656	251	907	839
Y Waja	239	699	938	989
Total	3 926	4 320	8 246	7 237

1. Prior year figures are for part of the year.

2. Resigned 4 November 2015.

3. Appointed 1 September 2015.

4. Retired 31 August 2015.

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Fees for 2016 and 2017

At the annual general meeting to be held on 1 November 2016, shareholders will be requested to approve the following increases in non-executive directors' remuneration by special resolution in terms of section 66(9) of the Companies Act, granting authority to pay fees for services as directors, which will be valid with effect from 1 July 2017 until 30 June 2018. The proposed increase in fees is 6% for all boards and committees as follows:

	CURRENT FEE	FEE FROM 1 JULY 2016 TO 30 JUNE 2017	FEE FROM 1 JULY 2017 TO 30 JUNE 2018
Chairman*	R834 000	R884 000	R937 000
Deputy chairman and lead Independent director*	R417 000	R442 000	R468 500
Board member	R238 500	R253 000	R268 000
Assets and liabilities committee chairman*	R152 000	R161 000	R170 500
Assets and liabilities committee member	R101 000	R107 000	R113 500
Audit committee chairman*	R315 000	R334 000	R354 000
Audit committee member	R157 000	R166 500	R176 500
Divisional board member: Vehicles division	0	R125 000	R132 500
Divisional board member: Logistics division	0	R150 000	R159 000
Investment committee chairman*	R315 000	R334 000	R354 000
Investment committee member	R157 000	R166 500	R176 500
Risk committee chairman*	R152 000	R161 000	R170 500
Risk committee member	R101 000	R107 000	R113 500
Remuneration committee chairman*	R114 000	R120 500	R128 000
Remuneration committee member	R75 000	R79 500	R84 500
Nomination committee chairman*	R114 000	R120 500	R128 000
Nomination committee member	R75 000	R79 500	R84 500
Social, ethics and sustainability committee chairman*	R152 000	R161 000	R170 500
Social, ethics and sustainability committee member	R101 000	R107 000	R113 500

* Paid in addition to a member's fee.

In determining the proposed fees, cognisance was taken of market trends and the additional responsibilities of non-executive directors in terms of increased legal and governance requirements.

Non-executive directors also receive fees for services on divisional boards and financial and risk review committees that are included in their remuneration.

Executive directors receive no director or committee fees for their services as directors in addition to their normal remuneration as employees.

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EXECUTIVE REMUNERATION

The group remunerated its executive directors during the year as follows:

MJ (Mark) Lamberti – Group CEO

2016 REMUNERATION

R'000							
BASIC SALARY	RETIREMENT AND MEDICAL CONTRIBUTIONS	OTHER BENEFITS	SHORT-TERM INCENTIVE BONUS	TOTAL CASH REMUNERATION	GAINS ON EXERCISE OF LONG-TERM INCENTIVE AWARDS	2016 TOTAL TAXABLE REMUNERATION REALISED	2015 TOTAL TAXABLE REMUNERATION REALISED
nil	nil	nil	nil	nil	nil	nil	nil

Fixed compensation and benefits

Mark's fixed compensation as CEO of Imperial is R5 543 000, which is paid in DBPs. These shares vest on 15 September 2018.

The board has resolved that the company will make R3 000 000 available on an annual basis, that would otherwise have been payable to the CEO of Imperial, for the provision of university education from the second year onwards to the direct descendants of individuals who earn less than R600 000 per annum and have been employed for more than five years.

Annual incentive

The following short-term incentive performance criteria and weightings, as determined by the board, were used to calculate Mark's annual bonus in an amount of R9 600 000 (2015: R6 500 000). In lieu of this annual bonus he received DBP rights which vest on 15 September 2018.

2016 MEASURE	2016 WEIGHTING
Group core EPS growth	27%
Group achievement of ROIC target over WACC	27%
Group BBBEE improvement	13%
Discretionary	33%

Long-term incentive

Mark was awarded CSPs in line with LTI award benchmarks for executive directors. These shares will vest on 15 September 2018 subject to achieving the same criteria and weightings used in 2016. The expected value of this award is R9 059 138 (2015: R8 543 000).

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OS (Osman) Arbee – Group CFO

2016 REMUNERATION

R'000							
BASIC SALARY	RETIREMENT AND MEDICAL CONTRIBUTIONS	OTHER BENEFITS	SHORT-TERM INCENTIVE BONUS	TOTAL CASH REMUNERATION	GAINS ON EXERCISE OF LONG-TERM INCENTIVE AWARDS	2016 TOTAL TAXABLE REMUNERATION REALISED	2015 TOTAL TAXABLE REMUNERATION REALISED
5 309	691	360	7 200	13 560	1 564	15 124	12 466

Fixed compensation and benefits

Osman's fixed compensation and benefits increased by 6% to R6 360 000.

Annual incentive bonus

With reference to the criteria below, Osman received an incentive bonus of R7 200 000.

2016 MEASURE	2016 WEIGHTING
Group core EPS growth	27%
Group achievement of ROIC target over WACC	27%
Group BBBEE improvement	13%
Discretionary	33%

Long-term incentive and retention payments

Osman was awarded DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow and will vest on 15 September 2019. The expected value of this award is R6 089 378.

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M (Marius) Swanepoel – CEO: Logistics Africa

2016 REMUNERATION

R'000								
BASIC SALARY	RETIREMENT AND MEDICAL CONTRIBUTIONS	OTHER BENEFITS	SHORT-TERM INCENTIVE BONUS	TOTAL CASH REMUNERATION	GAINS ON EXERCISE OF LONG-TERM INCENTIVE AWARDS	2016 TOTAL TAXABLE REMUNERATION REALISED	2015 TOTAL TAXABLE REMUNERATION REALISED	
4 732	739	180	5 000	10 651	1 465	12 116	13 196	

Fixed compensation and benefits

Marius's fixed compensation and benefits increased by 7% to R5 651 000.

Annual incentive bonus

With reference to the criteria below and the successful implementation of acquisitions related to the African expansion strategy, Marius received an incentive bonus of R5 000 000.

2016 MEASURE	2016 WEIGHTING
Group core EPS growth	13%
Group achievement of ROIC target over WACC	13%
Divisional BBBEE improvement	20%
Divisional PBIT growth	20%
Divisional achievement of ROIC target over WACC	20%
Discretionary	14%

Long-term incentive and retention payments

Marius was awarded DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow and will vest on 15 September 2019. The expected value of this award is R5 736 439.

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MP (Manny) de Canha – CEO: Vehicle Import, Distribution and Dealerships

2016 REMUNERATION

R'000							
BASIC SALARY	RETIREMENT AND MEDICAL CONTRIBUTIONS	OTHER BENEFITS	SHORT-TERM INCENTIVE BONUS	TOTAL CASH REMUNERATION	GAINS ON EXERCISE OF LONG-TERM INCENTIVE AWARDS	2016 TOTAL TAXABLE REMUNERATION REALISED	2015 TOTAL TAXABLE REMUNERATION REALISED
4 924	567	159	4 600	10 250	1 823	12 073	10 560

Fixed compensation and benefits

Manny's fixed compensation and benefits increased by 3% to R5 650 000 for the coming year.

Annual incentive bonus

With reference to the criteria below, Manny received an incentive bonus of R4 600 000. The increase is largely due to the increased profitability of his division.

2016 MEASURE	2016 WEIGHTING
Group core EPS growth	13%
Group achievement of ROIC target over WACC	13%
Divisional BBBEE improvement	20%
Divisional PBIT growth	20%
Divisional achievement of ROIC target over WACC	20%
Discretionary	14%

Long-term incentive and retention payments

Manny was awarded DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow and will vest on 15 September 2019. The expected value of this award is R4 986 247.

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PB (Philip) Michaux – CEO: Vehicle Retail, Rental and Aftermarket Parts

2016 REMUNERATION

R'000								
BASIC SALARY	RETIREMENT AND MEDICAL CONTRIBUTIONS	OTHER BENEFITS	SHORT-TERM INCENTIVE BONUS	TOTAL CASH REMUNERATION	GAINS ON EXERCISE OF LONG-TERM INCENTIVE AWARDS	2016 TOTAL TAXABLE REMUNERATION REALISED	2015 TOTAL TAXABLE REMUNERATION REALISED	
4 171	589	240	4 600	9 600	1 108	10 708	9 920	

Fixed compensation and benefits

Philip's fixed compensation and benefits increased by 6% to R5 000 000 which takes into account the significant increase in his area of responsibility.

Annual incentive bonus

With reference to the criteria below, Philip received an incentive bonus of R4 600 000.

2016 MEASURE	2016 WEIGHTING
Group core EPS growth	13%
Group achievement of ROIC target over WACC	13%
Divisional BBBEE improvement	20%
Divisional PBIT growth	20%
Divisional achievement of ROIC target over WACC	20%
Discretionary	14%

Long-term incentive and retention payments

Philip was awarded DBPs in line with LTI award benchmarks for executive directors. These shares are to be held in escrow and will vest on 15 September 2019. The expected value of this award is R4 853 867.

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M (Mohammed) Akoojee – Director: group strategy, mergers and acquisitions and investor relations (Resigned as a board member with effect from 30 September 2015 following his appointment as CEO of Logistics Rest of Africa)

2016 REMUNERATION

R'000								
BASIC SALARY	RETIREMENT AND MEDICAL CONTRIBUTIONS	OTHER BENEFITS	SHORT-TERM INCENTIVE BONUS	TOTAL CASH REMUNERATION	GAINS ON EXERCISE OF LONG-TERM INCENTIVE AWARDS	2016 TOTAL TAXABLE REMUNERATION REALISED	2015 TOTAL TAXABLE REMUNERATION REALISED	
811	122	30	963 ¹	1 926	703	2 629	8 249	

¹ Mohammed was paid his short-term incentive from the Logistics Rest of Africa division pro rata to 30 September 2015.

JJ (Jurie) Strydom – CEO: Regent (Resigned with effect from 4 November 2015)

2016 REMUNERATION

R'000								
BASIC SALARY	RETIREMENT AND MEDICAL CONTRIBUTIONS	OTHER BENEFITS	SHORT-TERM INCENTIVE BONUS	TOTAL CASH REMUNERATION	GAINS ON EXERCISE OF LONG-TERM INCENTIVE AWARDS	2016 TOTAL TAXABLE REMUNERATION REALISED	2015 TOTAL TAXABLE REMUNERATION REALISED	
1 834	165	120	–	2 119	947	3 066	8 853	

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Prescribed officers' remuneration

C (Carsten) Taucke

The group had one prescribed officer for the financial year, Carsten Taucke, the CEO of the Logistics International business based in Germany. Prescribed officers are persons, not being directors, who either alone or with others exercise executive control and management of the whole or a significant portion of the business of the company.

2016 REMUNERATION

R'000							
BASIC SALARY	RETIREMENT AND MEDICAL CONTRIBUTIONS	OTHER BENEFITS	SHORT-TERM INCENTIVE BONUS	TOTAL CASH REMUNERATION	GAINS ON EXERCISE OF LONG-TERM INCENTIVE AWARDS	2016 TOTAL TAXABLE REMUNERATION REALISED	2015 TOTAL TAXABLE REMUNERATION REALISED
5 796	998	354	8 050	15 198	nil	15 198	10 523

Carsten Taucke is based in Germany and paid in euro. He does not participate in the group share incentive scheme.

APPROVAL

This remuneration report has been approved by the board of directors.