



# Bidcorp

REMUNERATION REPORT 2017

Bidfood

# Remuneration report 2017

## Background statement

The remuneration committee is pleased to present the remuneration report for the year ended June 30 2017. Since we presented the remuneration policy to shareholders in 2016, no material changes were made to the policy or its implementation. Likewise no material future changes are envisaged. The remuneration committee considered the impact of the King IV™ Report on Corporate Governance for South African 2016 (King IV) on remuneration and is satisfied that its policies are aligned with sound governance principles.

The remuneration committee also considered the voting outcomes on the 2016 remuneration policy (Ordinary resolution Part 1: Policy on basic pay and benefits: 98,9% in favour; Ordinary resolution Part 2: Policy on short-term incentives: 96,1% in favour; and Ordinary resolution Part 3: Policy on long-term incentives: 71,6% in favour) and as a result we have enhanced the disclosure of our variable pay structures and long-term incentives.

The remuneration committee uses the services of PwC as standing independent advisers to the remuneration committee.

Due to the decentralised and diversified nature of the group, and the geographic spread of its operations, the individual companies manage their own remuneration policies according to local requirements. The group remuneration committee provides oversight on senior executive remuneration in the subsidiaries and share incentive awards. This report therefore details the remuneration policy and implementation thereof for executive directors as well as fees paid to non-executive directors and details of the share incentive plans used by the group.

## Part 1 – Remuneration policy

### Key principles of our philosophy

The key principles that shape our policy are:

- A critical success factor of the group is its ability to attract, retain and motivate the entrepreneurial talent required to achieve its operational and strategic objectives. Both short and long-term incentives are used to this end.
- Delivery-specific short-term incentives are

viewed as strong drivers of performance. A significant portion of senior management's reward is variable and is determined by the achievement of realistic profit and returns targets together with an individual's personal contribution to the growth and development of the group. Only when warranted by exceptional circumstances, special bonuses may be considered as additional awards.

- Long-term incentives align the objectives of management, shareholders and other stakeholders for a sustainable period.

### Policy principles

The remuneration committee functions as a subcommittee of the board in terms of an agreed mandate and evaluates and monitors the group's remuneration philosophy and practices to ensure consistency with governance principles and corporate strategy. The remuneration committee further implements the board-approved remuneration policy to ensure:

1. salary structures and policies, as well as cash and share-based incentives, motivate superior performance and are linked to realistic performance objectives that support sustainable long-term business growth;
2. stakeholders are able to make an informed assessment of reward practices and governance processes; and
3. compliance with all applicable laws and regulatory codes.

### Governance and the remuneration committee

#### Board responsibility

The board carries ultimate responsibility for the remuneration policy. The remuneration committee operates in terms of a board-approved mandate. The board will, when required, refer matters for shareholder approval, for example:

- new and/or amended share-based incentive schemes; and
- non-executive board and committee fees.

The remuneration policy and implementation thereof contained in part 1 and 2 of this remuneration report will be put to a non-binding shareholders' vote at the annual general meeting of shareholders.

### Composition, mandate and attendance for remuneration committee

The members of the remuneration committee are independent non-executive directors as defined by King IV. The remuneration committee is scheduled to hold three meetings per year but meets on an ad hoc basis when required. The attendance for these meetings is contained in the directors' report (remuneration committee report section).



Directors' report within the online 2017 annual integrated report on the company's website.

The chief executive and chief financial officer attend meetings by invitation to assist the remuneration committee with the execution of its mandate. No executive participates in the vote process nor is present at meetings of the remuneration committee when his/her own remuneration is discussed or considered. The remuneration committee uses the services of PwC as standing independent advisers to the remuneration committee.

The chairman of the remuneration committee or, in his absence, another member of the remuneration committee is required to attend the annual general meeting to answer questions on remuneration.

The terms of reference as set out in the mandate of the remuneration committee include:

- reviewing the group remuneration philosophy and policy and assisting the board to establish a remuneration policy for directors and senior executives that will promote the achievement of strategic objectives and encourage individual performance;
- ensuring that the mix of fixed and variable pay in cash, shares and other elements meet the group's needs and strategic objectives;
- reviewing the remuneration of executive management to ensure that it is fair and responsible in the context of overall employee remuneration in the group;
- reviewing incentive schemes to ensure continued contribution to shareholder value;

# Remuneration report 2017

- reviewing the recommendations of management on fee proposals for the group's non-executive directors and determining, in conjunction with the board, the final proposals to be submitted to shareholders for approval;
- determining all the remuneration parameters for the chief executive and other executive directors. Reviewing and recommending to the board the relevant criteria necessary to measure the performance of executives in determining their remuneration;
- agreeing to the principles for senior management increases and their cash incentives;
- agreeing to long-term incentive allocations and awards for executive directors (conditional share plan) and for senior management (share appreciation rights);
- settling long-term incentive allocations and awards for executive directors;
- overseeing the preparation of the remuneration report to ensure that it is clear, concise and transparent; and
- ensuring that the remuneration report be put to a non-binding advisory vote by shareholders and engaging with shareholders and other stakeholders on the group's remuneration policy.



Remuneration report available on the company's website.

## Role of benchmarking

### Benchmarking and position in the market

To ensure that the group remains competitive in the markets in which it operates, all elements of remuneration are subject to regular reviews against relevant market and peer data. In the case of the chief executive, his salary is benchmarked against international listed companies (predominantly Australian companies) while the other executive is benchmarked against JSE Limited (JSE) listed companies.

The policy aims at positioning the group as a preferred employer within the foodservice industry. To retain flexibility and ensure fairness when directing human capital to those areas of the group requiring focused attention, subjective performance assessments may sometimes be required when evaluating employee contributions.

The group believes that its remuneration policy plays an essential and vital role in realising business strategy and therefore should be competitive in the markets in which the group operates.

## Executive directors

### Terms of service

The minimum terms and conditions applied to South African executive directors are governed by legislation. Terms of service for executive directors outside South Africa are governed by labour legislation in their local jurisdiction and the terms of their employment contracts. In exceptional situations of termination of an executive directors' services, the remuneration committee (assisted by independent labour law legal advisers) oversees the settlement of terms.

Executive directors are required to retire on the third anniversary of their appointment and may offer themselves for re-election. As appropriate, the board, through the nominations committee, proposes their re-election to shareholders.

The terms of the executive director's employment is as follows:

- Mr BL Berson (chief executive) is party to an employment agreement with Bid Corporation Limited.
- Mr DE Cleasby (chief financial officer) will be party to a new employment agreement with Bid Corporation Limited.
- Mr B Joffe relinquished his role as executive chairman, in consequence of a mutually agreed transition, with effect from June 30 2017. His executive service agreement has been terminated from June 30 2017. In terms of the service agreement, Mr Joffe continues as a participant in the Bidcorp conditional share plan in respect of his awards received prior to June 30 2017. All other benefits accruing in terms of the service agreement up to June 30 2017 have been honoured. In terms of the settlement agreement, Mr Joffe has agreed to provide advisory consulting services to the company for the period July 1 2017 to June 30 2018 and will receive a fee of R4,0 million payable in equal monthly instalments.

Under the employment contracts, the employment of an executive director will continue until terminated upon (i) six months' notice for the CE and an intended similar notice period for the CFO respectively or (ii) retirement thereof.

Bidcorp can also terminate the executive director's employment summarily for any reason recognised by law as justifying summary termination.

The value of the gross remuneration package payable in terms of the employment contracts is allocated among the following benefits:

- (i) basic remuneration;
- (ii) retirement and or medical benefits; and
- (iii) other benefits.

Executive directors are only permitted to serve as non-executive directors on other public company boards with the express permission of the nominations committee.

## Elements of remuneration

The group operates a total cost-to-company (CTC) philosophy whereby cash remuneration, benefits (including a defined contribution retirement fund or super-annuation scheme, medical aid and other insured benefits) form part of employees' fixed total CTC remuneration. Executive directors and senior management also participate in short-term incentives (in the form of a performance bonus plan). Two long-term incentive plans are in operation, namely the Bidcorp conditional share plan (for executive directors) and the Bidcorp share appreciation rights plan (for senior management).

The different components of remuneration, their objectives, the policy which governs them and their link to the business strategy are summarised on pages 3 and 4. Where changes to the policy are envisaged for the following financial year, these are also highlighted on pages 3 and 4.

The group views the executive directors as the current "prescribed officers" as defined in the Companies Act and therefore no separate remuneration policy disclosure for prescribed officers is necessary.

# Remuneration report 2017

Table 1: Summary of remuneration components for executive directors

	Component	Objective and practice	Link to business strategy	Policy	Changes for 2017/2018
<b>Guaranteed pay (CTC)</b>	Base package	<p>Attract and retain the best talent.</p> <p>Reviewed annually and set on July 1.</p>	<p>This component aligns with business strategy as it takes into account internal and external equity. Hereby, ensuring competitiveness and rewarding individuals fairly based on a similar job in the market.</p>	<p>Level of skill and experience, scope of responsibilities and competitiveness of the total remuneration package are taken into account when determining CTC.</p>	No changes proposed.
	Benefits	<p>Providing employees with contractually agreed basic benefits such as retirement fund benefits (defined contribution or superannuation), medical aid, risk benefits, and life and disability insurance on a CTC basis.</p>	<p>Benefits recognise the need for a holistic approach to guaranteed package and are part of the overall employee value proposition offered by Bidcorp.</p>	<p>The company contributes towards retirement benefits as per the rules of the respective retirement funds or superannuation schemes. Medical aid contributions depend on each individual's needs and the package selection.</p> <p>Risk and insurance benefits are company contributions, all of which form part of total CTC.</p>	No changes proposed.
<b>Short-term incentives</b>	Short-term incentive	<p>To motivate and incentivise delivery of performance over the one-year operating cycle.</p> <p>Bonus levels and the appropriateness of measures and weightings are reviewed annually to ensure that these continue to support Bidcorp's strategy.</p> <p>The annual bonus is paid in cash in August/September each year in respect of the group financial performance during the previous financial year.</p>	<p>Encourages growth in headline earnings per share and return on funds employed (ROFE) for shareholders in a sustainable manner over the short term.</p> <p>Combines the above company financial performance metrics with strategic metrics, such as leadership, to ensure well-balanced KPIs.</p> <p>Rewards executive directors for their measurable contribution to the group based on predetermined metrics.</p>	<p>For the 2018 financial year, target and stretch performance targets were set for the following metrics:</p> <p><b>Company financial performance</b></p> <ul style="list-style-type: none"> <li>■ Constant currency headline earnings per share (HEPS) growth and</li> <li>■ Return on funds employed (ROFE) achieved.</li> </ul> <p>Measured against prior year's performance and budgets.</p> <p><b>Strategic objectives</b></p> <p>Non-financial, strategic objectives, such as leadership, are also considered to determine the quantum of bonuses paid.</p> <p><b>Earning potential</b></p> <p>At target performance, the earning potential is 100% of guaranteed package.</p> <p>Stretch earning potential is limited to 160% of guaranteed package and is subject to exceptional performance.</p> <p><b>Discretion of remuneration committee</b></p> <p>The remuneration committee has discretion, when warranted by exceptional circumstances and where considerable value has been created for shareholders and stakeholders of Bidcorp by specific key employees, to award special bonuses or other ex-gratia payments to individuals.</p> <p>In exercising this discretion the remuneration committee must satisfy itself that such payments are fair and reasonable and are disclosed to shareholders as required by remuneration governance principles.</p>	No changes proposed.

# Remuneration report 2017

	Component	Objective and practice	Link to business strategy	Policy	Changes for 2017/2018
<b>Long-term incentives</b>	Long-term incentive – conditional share plan (CSP)	To motivate and incentivise delivery of sustained performance over the long term.	Alignment of executives' interests with shareholders through conditional rights to future delivery of equity.  Vesting of equity instruments are subject to performance targets, thereby supporting the performance culture of the group.  Motivates long-term, sustainable performance.	Award levels are set according to best practice benchmarks and to ensure support of group business strategy. Awards consist of conditional rights to shares, subjected to performance conditions over a three-year performance period and continued employment period for the duration of the vesting periods of three years (75% of the award) and four years (25% of the award) respectively.  The company performance metrics comprise the following: <ul style="list-style-type: none"> <li>■ HEPS growth;</li> <li>■ Relative TSR as external performance measure;</li> <li>■ ROFE; and</li> <li>■ KPIs.</li> </ul>	No changes proposed.

## Further details on long-term incentive plans

### Bidcorp CSP

Upon the listing of Bidcorp, shareholders approved the CSP. The CSP to date was only implemented for executive directors. However, it is intended that where senior management perform group-wide roles, they will be considered for CSP awards. Under the CSP, participants are awarded a right to future delivery of equity (ie a conditional right to receive shares). Vesting of shares is subject to the achievement of performance conditions. Performance conditions, each with different weightings, have been imposed. The performance period is three years, coinciding with the Bidcorp financial year.

Details of the 2017 award, the performance periods and the performance conditions are shown in part 2 of this report.

### Bidcorp SAR Plan

Upon the listing and unbundling of Bidcorp, shareholders approved a SAR for senior managers, excluding any executive directors.

## Bidcorp's long-term incentive plans and dilution

In terms of the Bidcorp long-term incentive plan rules, an overall limit of approximately 5% of the issued shares of the company has been imposed when shares are allocated and issued in terms of the plans,

incorporating both SARs and CSPs. The total award that may be allocated to any one individual may not exceed 10% of the total awards made in that year.

If shares are purchased in the open market for settlement of allocations in terms of the Bidcorp SAR and CSP, the overall limit of 5% will not be impacted.

## Non-executive directors

### Terms of service

Non-executive directors are appointed by the shareholders at the AGM. Interim board appointments are permitted between AGMs. Appointments are made in accordance with group policy. Interim appointees retire at the next AGM, when they may make themselves available for re-election.

As appropriate, the board, through the nominations committee, proposes their re-election to shareholders. There is no limit on the number of times a non-executive director may make him or herself available for re-election.

### Fees

The group policy is to pay competitive fees for the role while recognising the required time commitment. The fees comprise an annual retainer component and attendance fee for scheduled meetings, as tabulated in part 2 of this report. In addition, non-executive directors are compensated for

travel and subsistence on official business where necessary and to attend meetings. No contractual arrangements are entered into to compensate non-executive directors for the loss of office.

Non-executive directors do not receive short-term incentives nor do they participate in any long-term incentive schemes, except where non-executive directors previously held executive office, and they remain entitled to unvested benefits arising from their period of employment. Bidcorp does not provide retirement contributions to non-executive directors.

Management proposes non-executive directors' fees (based on independent advice) to shareholders annually for shareholder vote.

## Directors' interests in contracts

During the financial year, none of the current directors had a material interest in any contract of significance to which the company or any of its subsidiaries were a party.

## Non-binding advisory vote

Shareholders are requested to cast an advisory vote on the remuneration policy as summarised in this report: Part 1: Remuneration policy; and Part 2 – Implementation of remuneration policy.

# Remuneration report 2017

## Part 2 – Implementation of remuneration policy

### 1. Guaranteed pay – base pay and benefits

#### Guaranteed pay increases for the financial years ending 2017 and 2018

In determining the CTC increases for executive directors, the remuneration committee considered relevant benchmarking data. Given the global nature of the group's business, the CE's CTC was benchmarked against predominantly listed Australian companies. The CTC for the CFO was benchmarked against predominantly JSE listed companies. Benchmarks were selected based on a number of factors, including, but not limited to, company size and complexity of comparable listed companies by reference to market capitalisation, revenues, profitability, number of employees and the industry sector.

In 2017 the increase of the CTC for CE, BL Berson, was 14,6% based on a combination of i) the results of the benchmarking; ii) the breadth of the Bidcorp international operations; and iii) the exchange rate movements on translation from A\$ to rand. In respect of CFO, DE Cleasby, CTC increase was 2,0% impacted by the exchange rate movement on translation of the sterling portion of his CTC to rand. The original increase in CTC was 8,5%.

For the 2018 financial year, CE, BL Berson's CTC increase is 3,0%. For CFO, DE Cleasby, a CTC increase on his rand-based salary of

6,0% has been granted and a 50% increase on the sterling portion of his CTC arising from the expanded scope of his international activities and associated travel obligations.

### 2. Short-term incentive outcomes for 2017

Factors assessed in determining the short-term incentive awards to executives were:

As set out in the 2016 remuneration report, a combination of the following performance measures were used:

- earning performance measured on a linear basis for constant currency headline earning per share performance (50,0% weighting) from the threshold (2,5% real growth) target (5% real growth) and stretch (8% real growth): ACHIEVED 17,0% real growth;
- return on funds employed (ROFE) (30,0% weighting) with a threshold of 32,5%, a target of 35,0% and a stretch of 37,5% achievement; ACHIEVED 35,1%; and
- key performance indicators (20,0% weighting) including performance on staff development, innovation, acquisitions, improving performance of laggard operations etc: ACHIEVED 16,0%.

Bonuses calculated on the aforementioned criteria worked out to 135,2% payout of individual CTC out of a maximum of 160% allowed in terms of the group's policy. Executive management have however been penalised by 15,2% of the short-term incentive due to the performance of the Logistics UK business and the consequential

costs that have been incurred in resolving the performance issues. A final short-term incentive of 120,0% of individual's CTC has been granted to executive management for the 2017 financial year.

### 3. Short-term incentives 2018

Short-term incentives for members of the Bidcorp executive are based on similar principles to the 2017 short-term incentives and the long-term incentive plans.

A combination of the following performance measures will be used:

- earning performance will be measured on a linear basis for constant currency headline earning per share performance (50,0% weighting) from the threshold (2,5% real growth) target (5% real growth) and stretch (8% real growth);
- return on funds employed (ROFE) (30,0% weighting) has a threshold of 32,5%, a target of 35,0% and a stretch of 37,5% achievement; and
- key performance indicators (20,0% weighting) include performance on staff development, innovation, acquisitions, improving performance of laggard operations, etc. While more subjective in character, these will also be evaluated on a threshold, target and stretch basis.

Bonuses to be paid in terms of the aforementioned scheme will have a maximum cap of 160% of individual CTC packages which could only be attained at full stretch performance on all criteria.

### Summary of executive directors' guaranteed pay and short-term incentives

	Basic remuneration R'000	Other benefits and costs R'000	Retirement/medical benefits R'000	Cash incentives R'000	Total emoluments R'000
<b>2017</b>					
<b>Director</b>					
BL Berson	14 754	262	359	17 904	33 279
DE Cleasby	4 461	278	385	6 017	11 141
B Joffe	13 032	637	454	16 479	30 602
2017 total	32 247	1 177	1 198	40 400	75 022
<b>2016*</b>					
<b>Director</b>					
BL Berson	12 777	275	370	14 864	28 286
DE Cleasby	4 028	514	480	5 300	10 322
B Joffe	17 248	1 800	911	19 111	39 070
2016 total	34 053	2 589	1 761	39 275	77 678

\* Combined from that paid by Bidcorp and The Bidvest Group Limited in 2016.

# Remuneration report 2017

## 4. Long-term incentives

### CSPs

In terms of the CSP, conditional rights to shares are granted subject to performance and vesting conditions.

### Awarded in 2017

CSP awards were granted on November 30 2016 and are measured over the period July 1 2016 to June 30 2019. In addition, as approved by shareholders in terms of the Bidvest unbundling plan, the Bidvest CSP awards made on December 11 2015 were exchanged for CSP replacement rights over Bidcorp shares on November 30 2016 and the number of shares comprising the CSP replacement rights were adjusted so that the market value is the same as that of the Bidvest CSP's pre-unbundling. The vesting period for the CSP replacement rights was extended for an additional year and are subject to performance conditions measured over the period July 1 2016 to June 30 2019, vesting of 75% of the awards will occur in September 2019 and the remaining 25% will vest in September 2020.

The following performance targets, weighting and performance periods are applicable to the 2017 CSP awards and the 2017 CSP replacement rights and are to be tested over a three-year performance period:

Performance conditions and weighting	Detail of performance conditions	Vesting profile	Actual targets
<b>HEPS growth (50%)</b>	Three-year real constant currency HEPS growth in excess of Bidcorp inflation. HEPS targets are set by reference to the company's three-year plan and market expectation. The remuneration committee considers the targets to be critical to the company's long-term success and its ability to maximise shareholder value, and to be in line with the strategic goals of the company. In addition, the remuneration committee considers these targets to be sufficiently demanding with significant "stretch", ensuring only outstanding performance will be rewarded with a maximum pay-out.	<b>HEPS:</b> <ul style="list-style-type: none"> <li>■ Below threshold – 0% vesting;</li> <li>■ At threshold – 30% vesting;</li> <li>■ Target – 60% vesting; and</li> <li>■ Stretch – 100% vesting, where linear vesting will occur between the levels stated above.</li> </ul>	<b>HEPS targets:</b> <ul style="list-style-type: none"> <li>■ Achievement of constant currency HEPS for period ending June 30 2019:               <ul style="list-style-type: none"> <li>– Threshold – 2,5% real constant currency HEPS growth over the three-year performance period</li> <li>– Target – 5,0% real constant currency HEPS growth over the three-year performance period</li> <li>– Stretch – 8,0% real constant currency HEPS growth over the three-year performance period</li> </ul> </li> </ul>
<b>Relative TSR against peer group (20%)</b>	<p>The group is measured against a number of appropriate peers within the international foodservice industry and the comparable listed peers on the JSE Limited. Accordingly, the outperformance of the peer group is felt to be the most appropriate TSR measure.</p> <p>The average ROFE of the group as measured over the financial period on a monthly average over 15 months measured against targets set.</p>	<b>TSR:</b> <ul style="list-style-type: none"> <li>■ Below threshold – 0% vesting;</li> <li>■ At threshold – 30% vesting;</li> <li>■ Target – 60% vesting; and</li> <li>■ Stretch – 100% vesting, where linear vesting will occur between the levels stated above.</li> </ul>	<b>TSR targets:</b> <ul style="list-style-type: none"> <li>■ Achievement of TSR against peer group for period ending June 30 2019:               <ul style="list-style-type: none"> <li>– Threshold – 80% of peer group performance over the three-year performance period</li> <li>– Target – 100% of peer group performance over the three-year performance period</li> <li>– Stretch – 120% of peer group performance over the three-year performance period</li> </ul> </li> </ul> <p>The peer group consists of the following companies:</p> <ul style="list-style-type: none"> <li>■ Woolworths Holdings Limited: JSE – WHL</li> <li>■ The Spar Group: JSE – SPP</li> <li>■ Unilever Plc: LN – ULLVR</li> <li>■ Metcash: ASX – MTS</li> <li>■ Metro AG: ETR – MEO</li> <li>■ Booker Group Plc: LN – BOK</li> <li>■ Bunzl: LN – BNZL</li> <li>■ Marr s.p.A: IM – MARR</li> <li>■ Nestle SA: SIX – NESN</li> <li>■ Sligro Food Group: AMS – SLIGR</li> <li>■ Sysco Corporation: NYSE – SYY</li> <li>■ Performance Food Group: PFG: NYSE – PFGL</li> </ul>

# Remuneration report 2017

Performance conditions and weighting	Detail of performance conditions	Vesting profile	Actual targets
<b>ROFE (20%)</b>		The vesting of the awards in relation to the ROFE condition will be subject to linear vesting which will occur between the levels stated below: <ul style="list-style-type: none"> <li>Below threshold – 0% vesting;</li> <li>At threshold – 30% vesting;</li> <li>Target – 60% vesting; and</li> <li>Stretch – 100% vesting.</li> </ul>	<b>ROFE targets:</b> <ul style="list-style-type: none"> <li>Achievement of ROFE for period ending June 30 2019: <ul style="list-style-type: none"> <li>Threshold – 32,5% ROFE over the three-year performance period</li> <li>Target – 35,0% ROFE over the three-year performance period</li> <li>Stretch – 37,5% ROFE over the three-year performance period</li> </ul> </li> </ul>
<b>KPIs (10%)</b>	Non-financial strategic objectives such as leadership, acquisitions, etc.	As per set objectives subject to linear vesting which will occur between the levels stated below: <ul style="list-style-type: none"> <li>Below threshold – 0% vesting;</li> <li>At threshold – 30% vesting;</li> <li>Target – 60% vesting; and</li> <li>Stretch – 100% vesting.</li> </ul>	

## Disclosure of the value of long-term incentives

The table below illustrates on an individual executive director level the details of long-term incentive participation.

### Held in terms of the Bidcorp CSP

	Balance at June 30 2016	CSP replacement rights awarded	Forfeited	Vested	Closing balance June 30 2017
<b>CSP replacement right awards</b>					
<i>Director</i>					
BL Berson	–	45 000	–	–	45 000
DE Cleasby	–	24 500	–	–	24 500
B Joffe	–	90 000	–	–	90 000
	–	159 500	–	–	159 500

	Balance at June 30 2016	CSP awarded	Forfeited	Vested	Closing balance June 30 2017
<b>CSP awards</b>					
<i>Director</i>					
BL Berson	–	90 000	–	–	90 000
DE Cleasby	–	26 000	–	–	26 000
B Joffe	–	72 500	–	–	72 500
	–	188 500	–	–	188 500

## Outstanding long-term incentives and likely vesting outcomes

The Bidvest CSP awards made on December 11 2015 were exchanged for CSP replacement rights over Bidcorp shares and the number of shares comprising the replacement rights were adjusted so that the market value is the same as that of the Bidvest CSP's pre-unbundling. The vesting period for the replacement rights was extended for an additional year and are subject to performance conditions measured over the period July 1 2016 to June 30 2019, vesting of 75% of the awards will occur in September 2019 and the remaining 25% will vest in September 2020.

The Bidcorp CSPs awarded on November 30 2016 are subject to performance conditions measured over the period July 1 2016 to June 30 2019, vesting of 75% of the awards will occur in September 2019 and the remaining 25% will vest in September 2020.

# Remuneration report 2017

As at June 30 2017, the vesting of the CSP replacement rights and 2017 CSPs is estimated to be achieved as follows:

## 2017 CSP replacement rights and 2017 CSPs

Performance conditions	Below threshold (0% vesting)	Threshold (30% vesting)	Target (60% vesting)	Stretch (100% vesting)
<b>HEPS (50%)</b>			Estimated HEPS 79,8% Weighted 39,9%	
<b>Relative TSR (20%)</b>		Built into fair value of grant value Estimated TSR 49% – thus weighted 9,8%		
<b>ROFE (20%)</b>		Estimated ROFE 49% Weighted 9,8%		
<b>KPIs (10%)</b>			Meet target Weighted 6,0%	
<b>Total expected vesting (%)</b>			65,5%	

## Summary of executive directors' long-term incentives (LTIs)

	Share-based payment expense R'000	Benefit arising from award of CSP R'000	Benefit arising from restructure of CSPs R'000	Gross benefits R'000	Previous share-based payment expense in respect of awards R'000	Actual LTI benefit R'000
<b>2017</b>						
<b>Director</b>						
BL Berson	7 050	–	–	7 050	–	7 050
DE Cleasby	2 637	–	–	2 637	–	2 637
B Joffe	8 486	–	–	8 486	–	8 486
Total	18 173	–	–	18 173	–	18 173

	Share-based payment expense R'000	Benefit arising from award of CSP R'000	Benefit arising from restructure of CSPs R'000	Benefit arising from the exercise of options R'000	Gross benefits R'000	Previous share-based payment expense in respect of awards R'000	Actual LTI benefit R'000
<b>2016*</b>							
<b>Director</b>							
BL Berson	11 496	16 422	23 672	–	51 590	(22 551)	29 039
DE Cleasby	6 223	10 699	12 920	–	29 842	(12 976)	16 866
B Joffe	23 699	30 637	50 284	11 408	116 028	(47 424)	68 604
Total	41 418	57 758	86 876	11 408	197 460	(82 951)	114 509

\* Combined from the information from both Bidcorp and The Bidvest Group Limited for 2016.

# Remuneration report 2017

## 5. Non-executive remuneration

### Non-executive directors' fees paid

#### Directors' and other related fees

#### Non-executive director

	2017 R'000	2016* R'000
PC Baloyi	572	106
DDB Band	634	180
DD Mokgatle (appointed October 4 2016)	226	–
NG Payne	771	120
CWL Phalatse (resigned November 11 2016)	141	115
H Wiseman	1 625	264
Total	3 969	785

\* Non-executive directors were appointed on March 10 2016.

#### Proposed non-executive directors' fees for 2017/2018

#### 2018 proposed fees

	Basic per annum	Fee per meeting
Non-executive chairman*	R2 800 000	
Lead independent non-executive director	R112 360	R44 950
Non-executive directors (SA-based)	R94 350	R37 750
Non-executive directors (international)	A\$72 100 OR £43 200	
Audit and risk committee chairman	A\$31 000	
Audit and risk committee member (SA-based)	R77 850	R33 920
Audit and risk committee member (international)	£15 150	£6 600
Remuneration committee chairman	R125 820	R30 100
Remuneration committee member (SA-based)		R30 100
Remuneration committee member (international)		£5 870
Nominations committee chairman	R81 460	R28 550
Nominations committee member		R28 550
Acquisitions committee chairman	R88 775	R37 740
Acquisitions committee member (SA-based)		R37 740
Acquisitions committee member (international)		£7 350
Social and ethics committee chairman	R94 350	R27 775
Social and ethics committee member		R27 775
Ad hoc meetings (SA-based)		R20 150
Ad hoc meetings (international)		A\$6 540 or £3 915

\* In 2016, a non-executive chairman fee was not proposed due to the role of Mr B Joffe as executive chairman. In arriving at the proposed fee, the remuneration committee has given consideration to the benchmarking exercise conducted by PwC and the special demands arising from the international nature of the Bidcorp operations.

# Remuneration report 2017

Refer to special resolution number 2 on page 21 of the notice of annual general meeting for approval of the fees by shareholders in terms of section 66 of the Companies Act.

The increase in the proposed non-executive directors' fees for 2017/2018 are based on an inflationary increase of 6,0% for local directors and 3,0% for international directors. Provision has been made in the aforementioned fees for the potential appointment of further international non-executive directors should the board deem this appropriate.

## **Approval**

This remuneration report was approved by the board of directors of Bid Corporation Limited.

Signed on behalf of the board of directors:



**Doug Band**

*Remuneration committee chairman*



[www.bidcorpgroup.com](http://www.bidcorpgroup.com)