



**LIBERTY**

# **Liberty Holdings Limited**

**Remuneration report**  
for the year ended 31 December

**2019**

# Remuneration committee chair report



On behalf of the remuneration committee, I am pleased to present the Liberty Holdings Limited Remuneration Report for the year ended 31 December 2019. This report has been guided by the concepts, principles and practices outlined in King IV™

ANGUS BAND

## Background statement

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- Factors that influenced remuneration and the achievement of policy
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- Shareholder engagement and feedback
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- Remuneration philosophy and principles
- How we structure our remuneration
- How we manage our remuneration

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# Background statement

## Remuneration in context

The remuneration committee (Remco) ensures that the remuneration practices and policy are fair and responsible, and there is alignment between shareholder and employee interests. Remco believes the policy encourages delivery of the group's strategy and creation of stakeholder value in a responsible and sustainable manner.

Liberty strives to ensure that remuneration instruments are designed and structured in such a manner that they achieve three important goals, aligned to the values and leadership standards of the business:

- i Effectively compete within the talent pool to attract and retain the best talent within the industry in which we operate
- ii Provide a highly competitive employee value position to drive enhanced individual and collective company performance, and
- iii Consistently achieve short, medium and long term strategic initiatives to create sustainable value for shareholders and stakeholders.

In its efforts to realise the key goals of remuneration instruments, Remco considers risk, and the potential costs to the business when considering the design and application of remuneration instruments.

## Changes to remuneration in 2019

The ongoing forfeiture of past awards due to cumulative financial performance conditions not being met has required the revision of the long-term incentive scheme to address retention risk.

Two alternative incentive arrangements were therefore introduced in 2019:

- The Special Deferred awards are administered under the group Deferred Restricted Plan. The awards are aimed at recognising employees for their performance and contribution;
- The Performance Reward Plan is aimed at a small group of executives and senior management who are able to significantly influence the long term performance of Liberty.

### Performance Reward Plan

Awards relevant to 2019 are aimed at a group of approximately 40 eligible individuals

Vesting is conditional upon meeting performance targets

Performance below set thresholds results in 100% forfeiture of award, with maximum 200% cap on vesting for outperformance

The vesting period is four years with two instalments delivered in years four and five

The award instrument is a notional share unit. A notional share unit is equivalent to one fully paid-up share at grant date.

### Special Deferred Awards

Awards are granted to employees fulfilling key and critical roles, and to employees actively studying towards an actuarial qualification

Awards are in the format of fully paid-up shares in Liberty Holdings Limited which are held in a trust subject to service conditions

No performance conditions other than service are tested on vesting. Awards from 2020 will be subject to individual performance criteria

The vesting period is over 18, 30 and 42 months where vesting occurs in equal thirds

More detail concerning the Performance Reward Plan and the Special Deferred Awards are provided in part 2 of this report.

## Background statement continued

### Remuneration in 2019

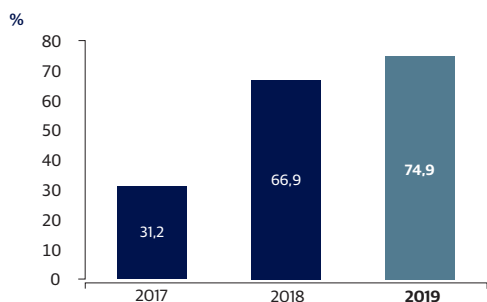
The group showed improved results for 2019 which can be summarised as below:

- Normalised headline earnings increased by 42% largely as a result of better returns from our shareholder investment portfolio benefiting from improved market performance
- Normalised operating earnings increased by 10% year-on-year mainly due to improved contributions from STANLIB South African and Liberty Africa Insurance
- Given the weak macro-economic environment, new business volumes remained under pressure in the South Africa retail business. We continued to implement mitigating measures to increase new business sales through enhancing our client and adviser experiences, our product offering and stringent cost management
- Group net external third party client cash flows increased year-on-year supported mainly by good STANLIB South Africa third party cash flows driven by institutional support for money market funds; and
- Importantly, we remained well capitalised.

The weighted group financial performance result measured against the set financial targets in respect of the short-term incentive scheme delivered 74,9% achievement of target relevant to the 2019 financial year.



### Achievement against financial weighted targets over three years



The achievement against targets resulted in a 4,3% increase in the short-term incentive awards for the 2019 financial year, which compares to the increase of 10% in normalised operating earnings. We believe that the current incentive schemes and performance management system are serving their purpose. We believe we are meeting our policy objective of promoting and driving a strong performance culture through paying for performance.

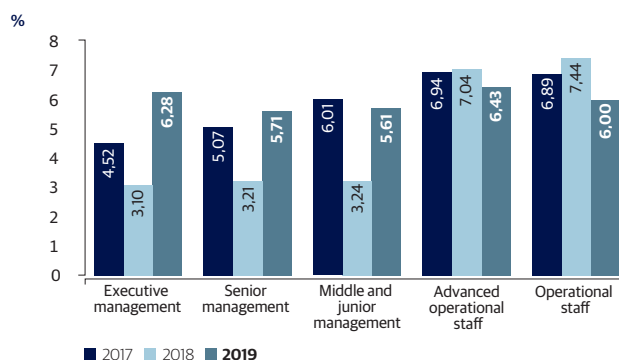
Long-term incentive scheme awards increased by 3,5% compared to 2018. This is the result of new roles emerging from the business restructure and key skills identified to be retained.

Average increases on guaranteed remuneration packages (effective from April 2020) of 6% are in line with market salary adjustments (executive committee members were not considered for increases in 2019). This methodology aligns to our principles and objective of fair remuneration and pay for performance. Our employee value proposition was retained with no changes in benefit structure. Remco remains cognisant of the potential for gender and wage gap differentials but has found no evidence of any unfair discrimination within the current remuneration policy and its practice within the group.

Remco believes that the remuneration policy encourages delivery of the group's strategy and creation of stakeholder value in a responsible and sustainable manner.



### Average total cost to company increases over three years for Liberty employees



For the year ended 31 December 2019, the short-term incentive awards across the Liberty group amounted to R720,5 million. R114,4 million of this value will be deferred into the relevant deferred plans. The long-term incentive awards relevant to the 2019 performance review period amounted to R199 million relating to the Performance Reward Plan and Special Deferred Awards.

## Remuneration governance

Remco comprises non-executive board members with the majority being independent non-executive directors, to ensure sound governance. All committee members possess the relevant and necessary skills and knowledge to fulfil their duties. The group chief executive and other members of the executive attend committee meetings by invitation. Executive directors (Liberty's prescribed officers) are not involved in deciding their own remuneration or present in meetings during committee deliberations of executive director remuneration. Remco met three times in 2019.

The overall purpose of Remco is to govern remuneration by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis and report thereon to the board, enabling the board to discharge its responsibilities relating to the following:

Extract from Remco's mandate
Determining the policy for executive remuneration and, on an annual basis, approve the entire individual remuneration packages for each of the executive directors, other senior executives, key persons in control functions and major risk-taking personnel (personnel with responsibility for decisions from which significant uncertainties in the timing and likelihood of cash flows may arise), as appropriate
Ensuring that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high performance staff at all levels in support of realising corporate objectives and to safeguard stakeholder interests
Ensuring that reward structures do not drive excessive risk taking
Reviewing the design and management of salary structures and policies, incentive schemes and share option programmes to ensure that they motivate sustained high performance and are linked to corporate performance
Developing and implementing a remuneration philosophy for disclosure to shareholders, through a remuneration report, to enable a reasonable assessment of reward practices and governance process to be made by stakeholders
Recommending the level of non-executive directors' fees, including the chairman's fee, to the Board after receiving inputs from executive directors and taking into account industry best practice for ultimate approval by shareholders
Overseeing the adequacy of retirement funding and healthcare benefits
Ensuring compliance with applicable laws and codes.

Remco believes that the mandate has been complied with.

The committee received external independent advice and market information from 21<sup>st</sup> Century Pay Solutions, PwC, PwC REMchannel, Mercer and Employment Conditions Abroad during 2019. Standard Bank is also engaged from time to time to ensure alignment where relevant. The committee is satisfied that the input from these sources is reliable, accurate, independent and objective.

For more details regarding the composition and activities of Remco refer to our Governance at Liberty report available at [libertyholdings.co.za/investor](http://libertyholdings.co.za/investor)

## Background statement continued

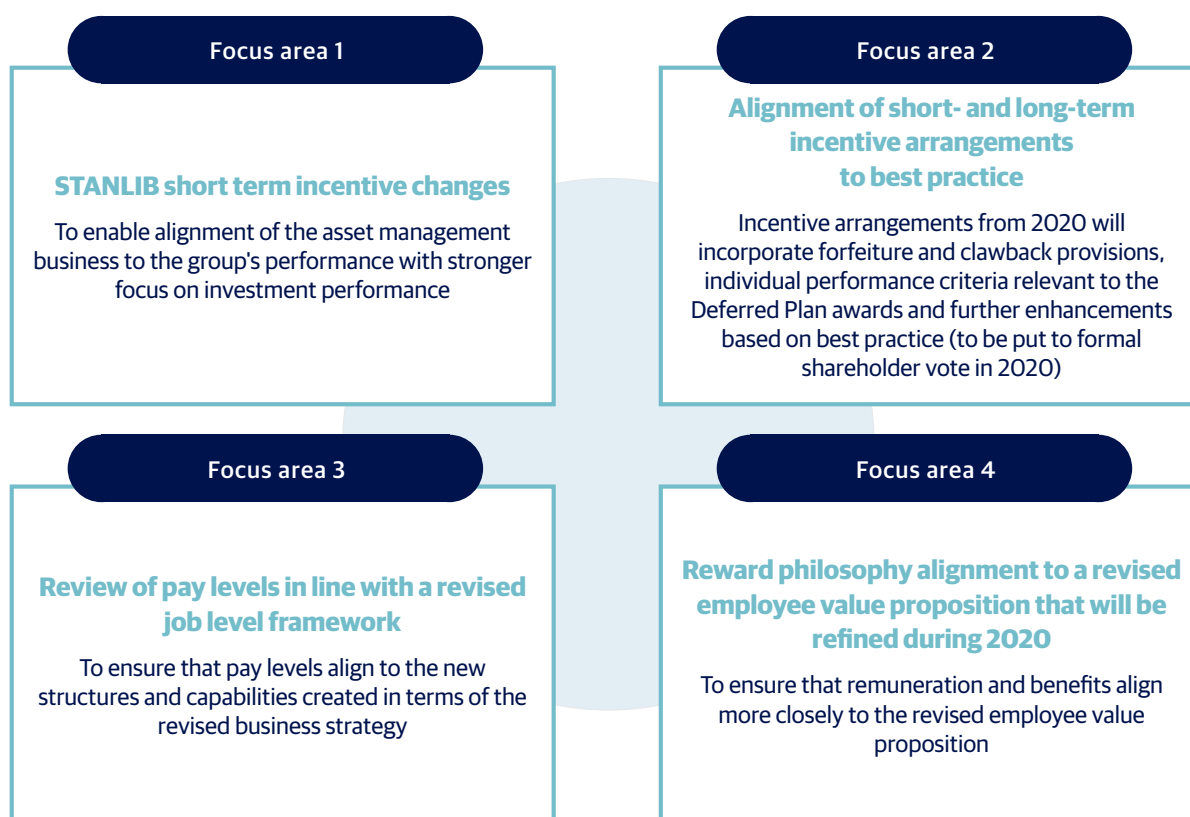
### Shareholder engagement and feedback

The 2019 Remuneration Policy and the Implementation Report will be presented for separate non-binding votes at the AGM on 14 May 2020. The resolutions are detailed in the 2020 Notice of AGM. The voting results on remuneration related matters at the 2019 and 2018 AGMs is set out below:

Ordinary Resolution	2019	2018
On non-binding advisory vote on our <b>Remuneration Policy</b>	92%	98%
On non-binding advisory vote on our <b>Implementation Report</b>	90%	82%

Annual engagement with shareholders has become standard practice and engagement will continue during 2020. We believe that the voting outcome over the past two years reflects the recognition of our ongoing commitment to engage with our shareholders. If the remuneration policy or implementation report is voted against by shareholders, exercising 25% or more of the voting rights, the dissenting shareholders will be invited to engage with the company. The manner and timing of such engagement will be provided, if necessary.

### Focus areas for 2020



The introduction of forfeiture and clawback provisions noted in focus area 2 above, will include awards made under the short- and long-term incentive schemes with effect from 1 March 2020. Where defined trigger events take place, provision will be made to redress against remuneration through forfeiture (pre-vesting forfeiture) or clawback (post-vesting recovery).

### Conclusion

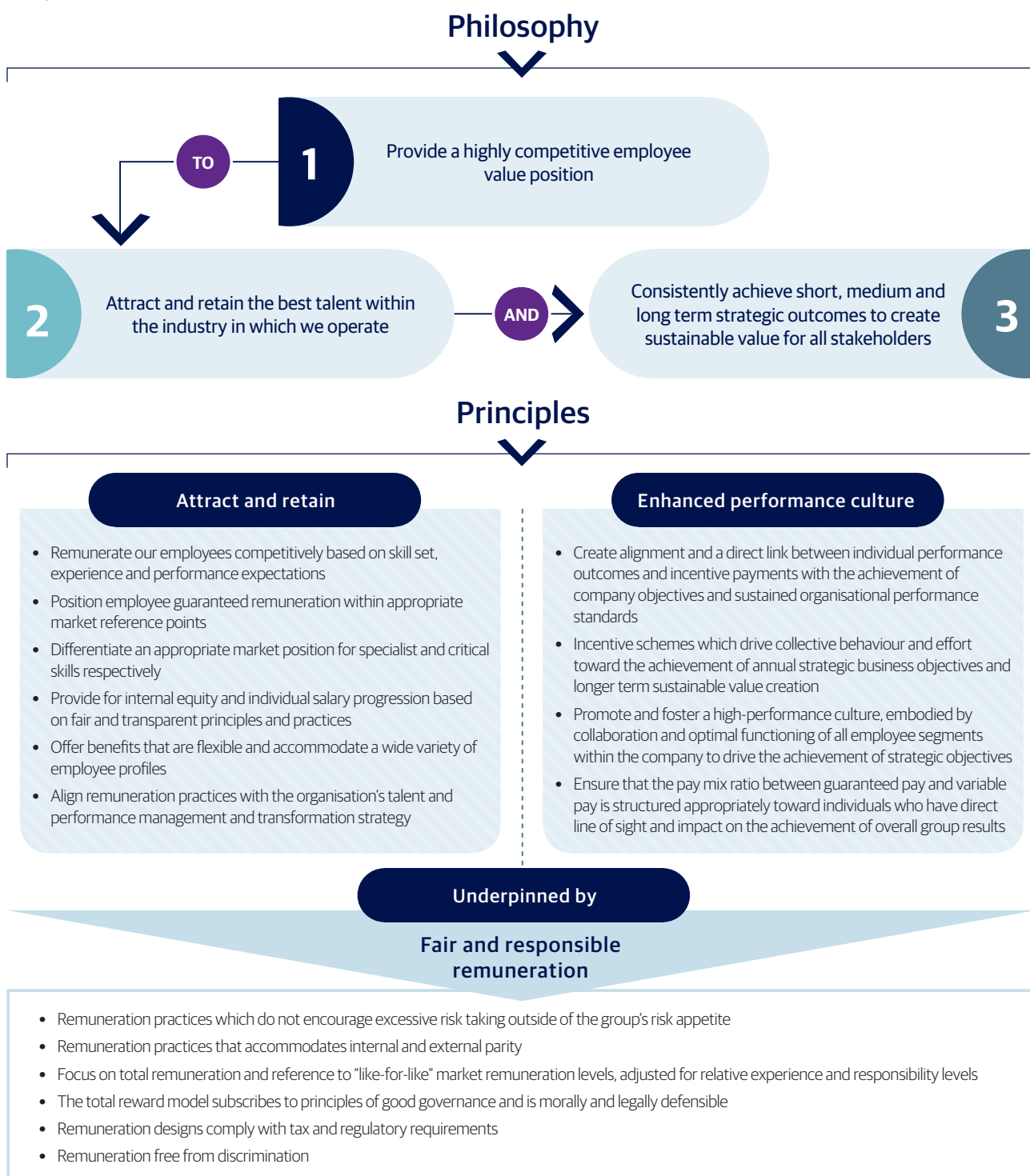
The committee remains committed to ensure that remuneration at Liberty has a substantial impact on attracting and retaining top talent which will drive the enhancement of performance standards and sustainable shareholder value creation. We endeavour to ensure progressive and flexible remuneration decisions are taken to mitigate adverse economic conditions and to collectively achieve strategic business objectives.

**Angus Band**  
20 March 2020

part  
**2**

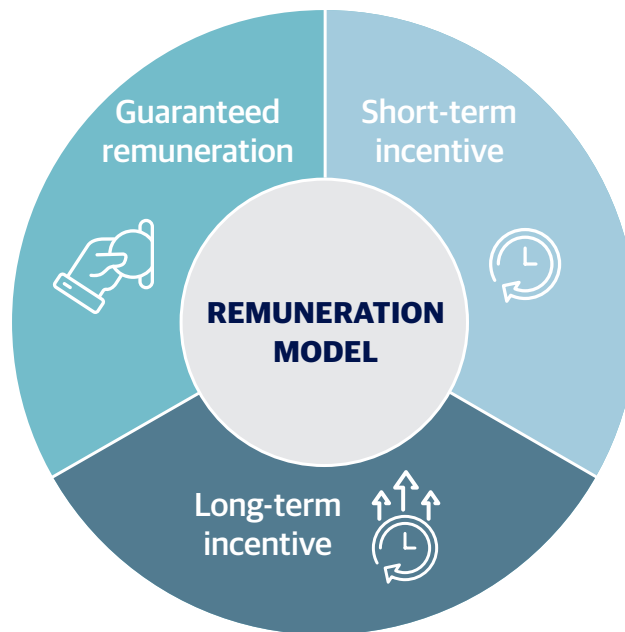
# Remuneration policy


Our employees are the cornerstone of our business and its success. Therefore, Liberty strives to ensure that employees are paid competitively and that individual and collective performance are aligned to shareholders' interests, delivering sustainable growth, value creation and profitability. We believe that to operate our business aligned to our values and goals, we must invest in our people. To give effect to this philosophy, our remuneration principles have been designed to ensure fair and responsible remuneration:



## Remuneration policy continued

### Remuneration structure



Guaranteed remuneration 	
<b>Purpose</b>	<ul style="list-style-type: none"> <li>To attract and retain employees in line with the scope, nature and skills requirements of the role.</li> </ul>
<b>Link to strategy</b>	<ul style="list-style-type: none"> <li>Position guaranteed pay at the market median of the financial services industry to ensure pay is competitive</li> <li>Enable employees to save for their retirement and maintain a healthy lifestyle</li> <li>Enhance the package available to employees and assist with retention and productivity.</li> </ul>
<b>Components of guaranteed remuneration</b>	<ul style="list-style-type: none"> <li>Base salary</li> <li>Medical aid</li> <li>Death and disability risk insurance</li> <li>Retirement funding</li> <li>Annual leave</li> <li>Other benefits depending on local legislation and market practice which may include funeral cover, car allowances, spouse's life cover etc.</li> </ul>
<b>Increases and pay progression</b>	<ul style="list-style-type: none"> <li>Salary increases are scheduled annually, effective 1 April, and reflect a market-related adjustment based on inflation, market and financial sector trends. Individual salary progression through the pay scales is a function of individual performance and/or promotion. Other than promotion, employees will progress through the pay scales by way of annual salary adjustments related to the individual's performance and position in the pay scale relative to the midpoint of the pay range</li> <li>Salary adjustments are made where an employee's salary is outside acceptable parameters or the nature of the role has changed warranting an adjustment. Salary adjustments require approval through the company's formal approval process.</li> </ul>
<b>Pay differentiation</b>	<ul style="list-style-type: none"> <li>Pay differentiation will occur on a fair and equitable basis. The following factors will determine the basis for pay differentiation between individuals:                             <ul style="list-style-type: none"> <li>The job grade as determined by the job evaluation policy and procedure</li> <li>Individual performance as determined by the performance review procedure of the performance management system</li> <li>The shortage of a specific skill which demands a market premium</li> <li>The tenure or length of service and</li> <li>Demotion or promotion.</li> </ul> </li> </ul>



## Variable remunerations short term incentive

<b>Purpose</b>	<ul style="list-style-type: none"> <li>To align employee and company interests to achieve stated objectives, while balancing short term performance and risk taking with sustainable value creation for shareholders.</li> </ul>
<b>Link to strategy</b>	<ul style="list-style-type: none"> <li>Achievement of business objectives for each financial year</li> <li>Enhanced collective performance across the organisation through strong individual performance</li> <li>Links individual performance incentive quanta to individual, business unit and group performance.</li> </ul>
<b>General design principles</b>	<ul style="list-style-type: none"> <li>The schemes are performance based with a series of financial targets and non-financial objectives. Remco has discretion to moderate actual financial performance for any items they determine were not in management's control or where inappropriate risk was taken. Actual awards can further be adjusted for undue risk taking or risk breaches</li> <li>Key principles include minimum qualifying service periods in the year, pro rata adjustments for service periods of less than a year and being in the employment of the group at award date.</li> </ul>

### Short-term incentives

 <b>Senior Management Incentive Scheme</b>	 <b>Specialist Incentive Scheme</b>
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#### Eligibility

Liberty Holdings executive and nominated executives  
 Senior divisional executives  
 Divisional executives  
 Senior managers  
 Entry level senior managers / specialist

Professional specialist  
 Senior technical specialists  
 Technical specialists  
 Newly qualified technical specialists  
 Entry level technical specialists

#### How it works

Incentive pay-outs are determined using two sets of performance measures and targets. These measures are weighted within a range and applied to an employee's guaranteed remuneration

Incentive pay-outs are determined using two sets of performance measures and targets. These measures are weighted within a range and applied to an employee's guaranteed remuneration

Group financial targets	+	Individual non-financial KPIs	Group financial targets	+	Individual non-financial KPIs
<b>15% - 110%</b>		<b>15% - 30%</b>	<b>5% - 15%</b>		<b>15% - 45%</b>
Aggregate non-financial weightings form a discretionary pool available for allocation based on KPI and individual achievement			Non-financial weightings are capped and scored based on KPI and individual achievement		
<b>Financial performance metric</b>		<b>Non-financial performance metric</b>	<b>Financial performance metric</b>		<b>Non-financial performance metric</b>
IFRS Operating Earnings Group Equity Value Generation Value of New Business		As per individual scorecard	IFRS Operating Earnings Group Equity Value Generation Value of New Business		As per individual scorecard
<b>Performance hurdle</b>		<b>Performance hurdle</b>	<b>Performance hurdle</b>		<b>Performance hurdle</b>
Under: 0% Target: 100% Out: 145%		Based on individual performance rating	Under: 0% Target: 100% Capped at target		Based on individual performance rating
Performance achievement is scaled for under or out performance. The financial scale is capped at 145%. Out performance above 145% forms part of a discretionary pool for allocation, subject to Remco approval					

#### Bonus calculation

$$\text{Guaranteed remuneration} \times \left\{ \text{Financial target achievement \%} + \text{Non-financial achievement \%} \right\} = \text{Annual incentive}$$

#### Deferrals

Cash bonus amounts that exceed the below thresholds, as determined by Remco, are subject to the mandatory deferral into the Restricted Share Plan - Deferred Share Plan, with vesting instalments in 18, 30 and 42 months with no financial performance conditions. (See details on the Deferred Share plan under the variable remuneration long term incentive section below.)

- A minimum of R30 000 is applicable for bonus awards in excess of R500 000
- 20% of the bonus award greater than R500 000 is deferred
- 30% of the bonus award greater than R2 000 000 is deferred
- 40% of the bonus award greater than R5 500 000 is deferred

Awards may be reduced or forfeited in full or in part, if in Remco's judgement there has been misconduct or materially adverse misstatement of financial results.

#### Proposed changes

No changes were made to the plan in 2019. Clawback and forfeiture provisions are to be introduced for 2020 awards onwards.

## Remuneration policy continued

### STANLIB STANLIB Profit Sharing Scheme

#### Eligibility

The scheme is structured as a top-down bonus pool arrangement applicable to all STANLIB employees, with a profit-sharing component applicable to investment professionals and senior management. The scheme is applied to two employee groups, investment franchises and the rest of the business

#### How it works

Bonus pools are calculated utilising a base level of incentives, set as at financial year 2019, and adjusted for percentage profit growth at a franchise and STANLIB group level.

The investment franchise pools are calculated separately for each franchise to ensure remuneration is aligned to the underlying success of the franchise. The bonus pool is then allocated to participants based on their performance. Similarly, the shared service pool is calculated at a pre-defined share of STANLIB profits considering the cost of franchise incentives. Individual incentive awards are based on individual KPIs and business performance. The pool is shared between distribution staff, general staff and management. Up to 50% of the awards are deferred into the STANLIB deferred bonus scheme or the Liberty Holdings group restricted share plan (deferred plan).

Base incentives for start-up businesses that are loss making are guaranteed for a limited period and reduced to zero over the agreed period. The period ranges between one and three years depending on the nature of the business. This period is agreed upfront with the business unit or franchise

#### Deferrals

Annual short-term incentive performance bonuses are subject to a mandatory deferral up to a maximum of 50%. The deferred bonus is invested in selected STANLIB managed unit trusts. The bonus vests after a three year period and is subject to applicable taxes

#### Proposed changes

No changes were made to the 2019 scheme. The scheme will be changed from 2020 to enable alignment to the group's performance, stronger focus on investment performance and the introduction of a more structured pool calculation methodology. Clawback and forfeiture provisions are to be introduced for 2020 awards onwards.



### LibFin Markets and LibFin Management Incentive Scheme

#### Eligibility

All LibFin employees

#### How it works

The total market related package (combination of guaranteed and variable remuneration) is benchmarked against a similar role in the global markets business at Standard Bank and industry surveys.

Non-global markets roles are benchmarked against similar roles in the Investment banking or appropriate industry surveys.

The variable component used for the total market related benchmark is short-term incentive and will be the balancing number to achieve the total market related package, subject to group, business unit and individual performance requirements being met.

The above methodology will apply to all roles and will be determined by each role's specific pay mix between guaranteed and variable remuneration

#### Deferrals

Deferral arrangements at LibFin Markets align to the deferral treatment at Standard Bank and the LibFin Management scheme participants defer in line with the Liberty Senior Management Scheme deferral thresholds reflected on page 8.

Awards may be reduced or forfeited in full or in part, if in Remco's judgement there has been misconduct or materially adverse misstatement of financial results

#### Proposed changes

No changes were made to the 2019 scheme. Clawback and forfeiture provisions are to be introduced for 2020 awards onwards.



## General Staff Incentive Scheme

### Eligibility

All general staff (excluding STANLIB and LibFin)

### How it works

- The scheme is completely discretionary. It serves to reward operational staff based on individual, business unit and group performance
- This scheme includes awards of between 4% - 20% of annual guaranteed remuneration
- Employees must be in service on the date the payment is made to be eligible for the award

### Proposed changes

No changes were made to the 2019 scheme. Clawback and forfeiture provisions are to be introduced for 2020 awards onwards.

### Annual determination of short term incentive financial targets


Financial targets, both at group and business unit level, supporting the short term incentive schemes are approved by the board annually, and are aligned to the minimum required results for IFRS operating earnings, group equity value earnings and the value of new business.

Financial targets are set to drive sustainable profitable growth and not be detrimental to the group's long term interests. Management propose targets to the board that are sufficiently challenging, are aligned to shareholders' interests and are within the group's risk appetite.

The entire Liberty Holdings Limited executive have a minimum weighting of 50% of their financial targets aligned to group performance and most senior management have a minimum weighting of 40% of their financial targets aligned to group performance.

The non-financial KPIs are determined for each Liberty Holdings Limited executive and flow from the KPIs identified for the group chief executive as detailed in part 3 of this report, and are cascaded to the rest of the business.

## Remuneration policy continued

Variable remuneration long term incentive 	
<b>Purpose</b>	<ul style="list-style-type: none"> <li>The primary role of long term incentive awards is to align management objectives closely to those expected by shareholders</li> </ul>
<b>Link to strategy</b>	<ul style="list-style-type: none"> <li>Long term plans supplement deferred short term incentive awards to effectively assist in the recruitment, motivation and retention of key management and critical skills</li> </ul>
<b>General design principles</b>	<ul style="list-style-type: none"> <li>All awards are discretionary and subject to performance conditions. The general policy is that awards are made annually taking into consideration total remuneration benchmarks. In addition, the role and performance of the individual and the need to retain their services are considered.</li> </ul>

### Group restricted share plan

Participation and award (LTIP)	Participation and award (Deferred (DRS) and Special Deferred (SDRS) restricted share)
<ul style="list-style-type: none"> <li>Awards are discretionary and are recommended by the group chief executive with approval by the board. Awards are aimed at employees fulfilling key and critical roles</li> <li>Awards are in the format of fully paid-up shares in Liberty Holdings Limited which are held in a trust subject to vesting conditions (service and performance) and are forfeited if these conditions are not met</li> <li>No awards were made in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>Special Deferred Awards are discretionary and are recommended by the group chief executive and approved by the board. Awards are granted to employees fulfilling key and critical roles and employees actively studying towards an Actuarial qualification</li> <li>Awards are in the format of fully paid-up shares in Liberty Holdings Limited which are held in a trust subject to vesting conditions (service).</li> <li>Annual short term incentive performance bonus payments above thresholds are subject to mandatory deferral where the deferred portions are invested into Liberty Holdings Limited shares as part of the Deferred Plan.</li> </ul>

Performance conditions (LTIP)	Performance conditions (DRS & SDRS)
<ul style="list-style-type: none"> <li>Performance conditions under this plan are linked to the cumulative return on group equity value must be in excess of the weighted average cost of capital for the relevant share vesting period.</li> <li>Performance conditions are tested at the date of vesting, over a three to five year performance measurement period. No re-testing of performance conditions is permitted.</li> <li>No awards were considered under LTIP in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>No performance conditions other than service are tested on vesting</li> <li>Vesting occurs in equal thirds after 18, 30 and 42 months.</li> </ul>

Maximum face value of awards
<p>The quantum of the above awards at an individual level is guided by:</p> <ul style="list-style-type: none"> <li>publicly disclosed remuneration information as well as total remuneration benchmarks</li> <li>affordability and annual allowable number of long term incentives available and</li> <li>the role, performance and future retention of an employee is considered in the award decision.</li> </ul>

**Vesting of awards (LTIP)**

Vesting of the award is subject to performance achievement against performance condition targets. A vesting scale for performance below target levels allows for proportionate vesting of long term incentives. Awards vest in equal tranches over three years at the anniversary of the award and are subject to forfeiture based on performance conditions.

$$\text{Number shares awarded} \times \text{Performance achievement} = \text{Vested award} \quad \text{1/3}^{\text{rd}} \text{ at anniversary of year 3, 4, 5}$$

Rules and rights
<ul style="list-style-type: none"> <li>Unvested shares are forfeited on termination of employment</li> <li>Applicable dividends are paid to participants as and when paid by Liberty</li> <li>No voting rights are attached to the shares held in trust</li> <li>Liberty executives can elect to take up to 50% of the LTIP award in share rights through the Equity Growth Scheme. A 10% premium is provided on such elections to reward the greater level of uncertainty, the longer vesting period and the absence of dividend rights</li> <li>Shares cannot be issued by the company, but must be acquired in the market</li> <li>Share award issue price is based on the Liberty Holdings Limited share price seven days prior to the last day to trade cum dividend on the JSE.</li> </ul>

**Proposed changes**

Special Deferred Awards were introduced in 2019. Clawback provisions are to be introduced for the 2020 awards onwards. Individual performance provisions are to be introduced to the Deferred Awards from 2020.

 **Equity growth scheme**

**Participation and award**

Executives and senior management who have been identified as critical to business sustainability and capitalising on growth opportunities. Participants are awarded share appreciation rights (SARs) linked to the Liberty share price at the grant date of the award. Awards are discretionary and subject to Remco approval. No awards were made under this plan in 2019.

**Performance conditions**

- Performance conditions under this plan are linked to achieving a cumulative return on group equity value in excess of cumulative weighted average cost of capital for the relevant share vesting period
- The return on group equity value is normalised for economic assumption changes and investment variances and is calculated on a cumulative basis
- Performance conditions are tested at the date of vesting, which has a three year performance measurement period. No re-testing of performance conditions is permitted.

**Maximum face value of award**

- The quantum of the award at individual level is guided by:
- publicly disclosed remuneration information as well as total remuneration benchmarks
  - affordability and annual allowable number of long-term incentives available and
  - the role, performance and future retention of an employee is considered in the award decision.

**Vesting of award**

Vesting of the award is subject to performance achievement against performance condition targets. A vesting scale for performance below target levels allows for proportionate vesting of long term incentives. Awards vest in unequal tranches over three years.

Face value	–	Award value	×	Number of shares	×	Performance achievement	=	Vested award	50% at anniversary of year 3 25% at year 4 and 5 anniversaries
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**Rules and rights**

- Unvested shares are forfeited on termination of employment
- No rights are issued at a pricing discount and
- Right holders are not entitled to dividends and do not have voting rights
- Practice has been that shares are not issued by the company but are acquired in the market.

**Proposed changes**

No changes were made to the plan in 2019. Clawback provisions are to be introduced for the 2020 awards onwards.

## Remuneration policy continued



### Performance Reward Plan

#### Performance conditions

- Performance conditions under this plan are linked to normalised return on IFRS equity (RoE) and normalised <sup>1</sup> return on group equity value (RoGEV)
- The performance conditions are weighted as follows:
  - RoE – 60% of award
  - RoGEV – 40% of award

<sup>1</sup> These measures reflect the economic reality of the consolidation of the listed REIT Liberty Two Degrees (L2D) and the Black Economic Empowerment (BEE) transaction, as opposed to the required IFRS accounting treatment.

#### Ranges

- |  |   |
|--|---|
| <p><b>RoE</b></p> <ul style="list-style-type: none"> <li>• Below 14% average return, no vesting of units</li> <li>• Maximum vesting of 200% of units if average of 19% return is achieved over the period</li> </ul> | <p><b>RoGEV</b></p> <ul style="list-style-type: none"> <li>• Maximum vesting of 200% of units if 13,5% average return is generated</li> <li>• Average return generated below 8,5%, no vesting of units</li> </ul> |
|--|---|

#### Participation and award

Executives and senior management who have been identified to significantly influence the long term performance of Liberty

#### Performance conditions

Awards are fully subject to performance conditions which are set annually by Remco. Conditions include a minimum threshold, a target and a stretch target to achieve any vesting with interpolation between targets. Once targets are set at commencement of the award these cannot be changed during the four year financial performance assessment period. No vesting occurs unless the minimum threshold is achieved and a maximum of 200% will vest on achievement of stretch targets

#### Rules and rights

Shares vest after four years when 50% of the award will be settled in year four and 50% in year five. Cash will be paid at vesting dates equivalent to the dividends declared over the vesting periods times the numbers of shares that vested. Settlement of units on vesting will be honoured by purchasing shares on the open market which will not have a shareholder dilutive effect. Practice has been that shares are not issued by the company but are acquired in the market

#### Proposed changes

No changes were made to the plan in 2019. Clawback provisions are to be introduced for the 2020 awards onwards.



### Long-term incentive vesting estimates based on performance to date

Long-term incentives are awarded annually to eligible participants under the various long-term incentive plans. Each long-term incentive award vests upon meeting performance targets. The performance measures and targets set for the long-term incentive scheme or FY2019 are provided below:

Long-term incentive scheme	Weighting	Future vesting estimate
<b>Liberty restricted share plan (LTIP) and Equity Growth Scheme (EGS)<sup>(1)</sup></b> The cumulative return on group equity value must be in excess of the weighted average cost of capital for the relevant share vesting period <sup>1</sup>	100%	As the performance conditions is of a cumulative nature, the 2019 financial year performance results in 0% vesting of the 2015 and 2016 tranches vesting in 2020 and 25% vesting of the 2017 tranches vesting in 2020
<b>Performance reward plan (PRP)</b> Normalised return on IFRS equity (ROE)	60%	First vintage due to vest in 2022
Normalised return on group equity value generated (RoGEV)	40%	

<sup>(1)</sup> No awards were made under these plans in 2019.



### Company and individual limits

The maximum number of shares that may be acquired by all participants in terms of the Liberty share incentive schemes is 29 000 000 which is 10,13% of the issued share capital of Liberty Holdings Limited. The individual maximum number of shares that can be acquired by any one participant is limited to 2,5% of the 29 000 000, or 725 000 shares.

## Minimum shareholding for executive directors

Executive directors are required to maintain a shareholding valued as a multiple of guaranteed remuneration. The chief executive officer is subject to a multiple of three times fixed remuneration and the financial director is subject to a multiple of two times fixed remuneration. In line with the change in leadership and structures during 2018, this holding requirement was changed to be applicable to executive directors only.

This long term requirement is accumulated over time. Any vested shares are required to be held until the minimum holding level is met. This is monitored annually by Remco.

## Remuneration scenarios for executive directors

### Minimum reward scenario

The short term incentive is formula driven based on financial and non-financial deliverables. This scenario assumes that no performance targets are achieved.

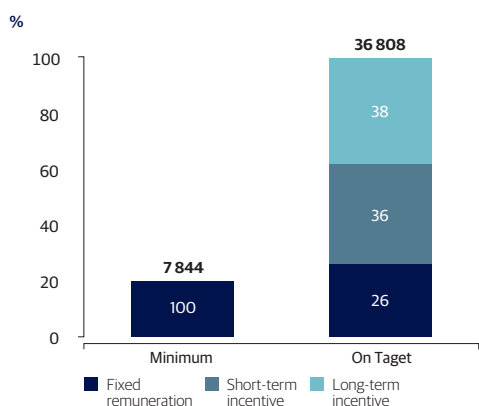
The long term incentive award is at Remco's discretion and assumes that no performance targets are achieved.

### On-target reward scenario

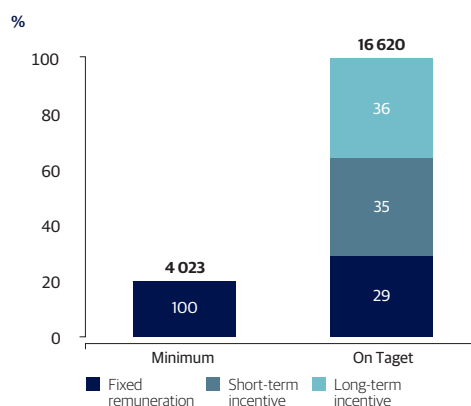
This scenario assumes performance at 100% of the financial target range and full non-financial component achieved (group chief executive: 140% of salary; financial director: 120% of salary).

The long term incentives are awarded at Remco's discretion and assumes that all financial and non-financial performance targets are met at target levels (group chief executive: 1 – 2 times salary; executive director: 1 – 2 times salary).

Minimum and on-target reward scenarios group chief executive



Minimum and on-target reward scenarios financial director



### Stretch reward scenario

The short term incentive is formula driven based on financial and non-financial deliverables. Individual performance ahead of 145% of the financial target slope is allocated to a pool that is distributed at the discretion of Remco.

The long term incentives are awarded at Remco's discretion and out performance of up to 200% of performance reward plan awards could be achieved.

## Remuneration policy continued

### How we manage our remuneration

Liberty is committed to remuneration management and governance that conforms to industry best practice and governance regulations. Key to remuneration management is to drive performance behaviour, maintain externally competitive remuneration and sustain fair levels of internal equity within the group.

#### Remaining competitive

##### Benchmarking

Liberty employees are generally benchmarked to the 50<sup>th</sup> percentile as informed by market survey data. Where necessary, employees are paid closer to the upper quartile of the market to take cognisance of scarce skills. Proportionately higher guaranteed remuneration increases for lower staff levels have been implemented since 2010 to narrow internal pay gaps. Liberty's minimum entry level salary package exceeds R140 000 per annum.

For the 2019 performance year, the group adopted a portfolio remuneration approach, in terms of which remuneration structures are designed to reward employees appropriately for performance achieved in their respective business units in addition to the overall group performance. Consideration is given to the market sector, maturity and life cycle of the business units.

Liberty uses various independent remuneration consultants to ensure that it remunerates employees competitively and care is taken to select appropriate peer groups, ensuring comparison to a similar market and organisations of a comparable size. Factors such as industry, revenue, profits, market capitalisation and number of employees are considered.

##### Guaranteed bonuses

Guaranteed bonuses are made by exception in the context of hiring and only in relation to the first year. Payments of guaranteed bonuses are subject to meeting required performance standards. At 31 December 2019 there were no significant guaranteed bonus commitments in force.

##### Buy-out awards made on hiring

To attract key employees, it is sometimes necessary to compensate for the loss of unvested awards provided by the previous employer. This would normally be through the appropriate group scheme subject to normal vesting terms. In certain situations, cash buy-out awards may be made on joining, subject to repayment if the employee leaves the group within a certain period.

##### Retention agreements

Retention agreements are only entered into in exceptional circumstances. Retention payments must be repaid should the individual concerned leave within a stipulated period. At 31 December 2019 there were no significant retention agreements in force.

##### Service contracts of executive directors and prescribed officers

All executive directors have permanent employment contracts with Liberty Holdings or its subsidiaries. The contracts prescribe notice periods of three months for the group chief executive and three months for the financial director and prescribed officers. These contracts are regularly reviewed to ensure they remain aligned with governance and legislative requirements.

##### Termination payments

Although there are no long-term employment contracts in place in the group, severance benefits may be required to be paid on

termination of employment. These are determined by reference to prevailing labour legislation and Liberty precedents.

#### Governance

There is an appropriate governance process in place to approve all types of payments listed above. This includes a set delegation of authority with package proposals for new hires and terminations being approved by the chairman of Remco or the full Remco when relevant or when warranted by the board.

#### Ensuring internally fair, equitable and responsible remuneration

##### Job levels

Jobs are sized or benchmarked, using stratified systems theory methodology and are linked to the appropriate band with underlying earning ranges per band. Indicators that are considered in the determination of the job level include factors such as knowledge, experience, problem solving, and accountability.

##### Internal remuneration levels

The internal salary scales provide a framework for management to maintain internal pay equity and provide a broad guide to the market rates associated with the level of a position. Salary scales would typically overlap to accommodate people high in a particular broadband. Internal salary scales are developed with reference to the financial services industry.

#### Fair and responsible remuneration

Remuneration programmes support the organisation's talent management strategy, which is driven by its business strategy, and foster an environment of career flexibility and mobility. Investing in people initiatives through talent mapping, employee development and training courses creates a work environment and culture conducive to an employee's growth, career progress and earning potential. Since 2010, the earnings potential of lower level employees has been aligned to settlement percentages of collective bargaining councils, even though Liberty staff are not members of these bargaining councils. These percentages have been higher than those granted to management and executives, thereby narrowing pay gaps between the highest and lowest paid employees.

#### Responsible remuneration is achieved through

- Linkage to value creation over the short, medium and long term
- Evidencing the linkage between value creation and remuneration to stakeholders, and
- Independent oversight and approval of remuneration by appropriate governance forums.

#### Fair remuneration is achieved through

- Transparent pay differentiation processes and performance measurement, and
- Alignment to the principle of equal pay for work of equal value where pay decisions are impartial, free from discrimination, self-interest, favouritism or prejudice.

#### Remco undertakes the following activities to ensure fair and responsible remuneration

- Seeking the input of shareholders via shareholder engagement
- Continuously improving transparency of remuneration reporting, and
- Continuous monitoring of pay gaps.



## Pay for performance

Individual reward is determined on a pay for performance principle. Liberty is committed to effective performance management which includes:

- A performance contract for every employee to define and clarify the objectives and outputs required to meet the organisation's objectives
- Continuous assessment and regular reviews of performance by managers of their direct reports ensure transparent performance feedback, identifies development needs and corrective action is agreed
- Formal performance and development reviews, where applicable, ensure performance feedback and any agreed action is recorded
- Personal development plans for all employees ensuring that development needs are identified and addressed through joint action between employees, their managers and the organisation as a whole
- Performance and incentive contracts, particularly for managers, identify and clarify measurable job objectives against which performance can be measured over defined periods.

It is Liberty's intention to ensure that there is a strong correlation between objectively measured performance and levels of remuneration. Differentiation will be considered for performance that is "outstanding" versus "meets expectations". Outstanding performers are rewarded more than performers who only meet expectation. The performance ranking as per the performance management system is a key input into the level of adjustment for the individual.

## Ensuring alignment of remuneration with risk taken

The chief risk officer reports to Remco on any excessive risk taking or performance issues that the committee should be aware of. This is considered when determining short and long term incentive awards. This reporting confirmed that the group operated within risk appetite and that all risk breaches had been considered for all incentive awards approved by Remco.

## Accounting for remuneration

IFRS and the group's accounting policies determine the accounting treatment of each component of remuneration, with detailed disclosures within the relevant notes to the annual financial statements. In summary, costs are accounted for in relation to the applicable service rendered with deferred short term incentives being expensed over the applicable qualifying periods, adjusted for the expected outcome of applicable performance conditions. The liability for long term cash incentive schemes is measured annually utilising probability-adjusted future expected outcomes present valued at appropriate risk-free rates. Equity-settled share-based payments are valued at grant date and expensed over the vesting period.

## Remuneration practices of non-South African group subsidiaries

The same remuneration principles are materially practiced within group subsidiaries domiciled outside the borders of South Africa, taking cognisance of specific in-country circumstances, economic conditions and legislation.

## Remuneration of tied agents

Liberty distributes insurance and investment products via independent and tied sales channels. The tied sales channels include tied agents who are exclusively contracted to and managed by Liberty. Their remuneration structures are based on set commission rules linked to the quality, quantum and mix of products sold. There is normally a basic minimum monthly rate of earnings, however

the majority of agents' commission earnings are well in excess of this minimum basic amount. Included in the commission rules are clawback provisions which apply in the event that policies or investment contracts lapse within prescribed periods from sale date. Various client retention, quality and volume incentives are offered to promote sales and client retention targets.

Based on performance and grading, certain tied agents in South Africa qualify for a cash-settled unit scheme linked to Liberty's share price payable after three years. Awards are used as retention schemes and are conditional on remaining contracted with the group and minimum performance criteria. Tied agents are also eligible, on a voluntary basis, to join the group's sponsored medical aid scheme and various defined contribution retirement schemes.

## Employee transfers between Liberty and Standard Bank

The remuneration policies of Liberty and Standard Bank allow for portability between group entities and for the continuation of certain benefits including past unexercised equity-settled or cash-settled grants. Unless agreed otherwise, the derived IFRS 2 costs in relation to the portion of unvested equity-settled grants on Standard Bank ordinary shares or cash-settled schemes are raised as an expense by Liberty from date of transfer. Similarly, the relevant Standard Bank business unit bears the IFRS 2 costs of unvested equity-settled and cash-settled Liberty awards if employees are transferred from Liberty to a Standard Bank group business unit. Once transfers are effective, employees are only eligible to receive further long-term incentives from the new employer.

## Non-executive directors

Non-executive directors' fees, including the chairman's fee, are proposed by the board and recommended to shareholders for approval at the AGM.

Non-executive directors do not receive short-term incentives and do not participate in any long term incentive schemes. Fees are annually benchmarked to equivalent responsibilities in the financial services sector. Considering the non-executives' attendance record in recent years, it has been decided not to change the current policy of a set annual fee to an attendance fee basis. This policy will be reviewed annually with due consideration to attendance records.

No adjustments were made to 2019 directors' fees in respect of Liberty Holdings Limited, Liberty Group Limited and STANLIB Limited, as well as members of board standing committees in line with the Exco guaranteed pay remaining unchanged for 2019.

The remuneration committee considered an industry benchmark of non-executive directors' fees for 2020. It was evident that our non-executive director fees lag the market in certain roles and on the recommendation of the remuneration committee, the board has proposed increases of between 6% - 11% and a market related adjustment of 27% relevant to SET committee members based on an increase in work load to bring the overall non-executive director fees for the group more in line with the market.

The non-executive director's fees have been aligned to the regulations where VAT is charged on the fees per committee member in excess of the annual VAT threshold of R1 000 000.

## Indirect interests

By virtue of either directorships in or material shareholdings held directly or indirectly by Standard Bank Group Limited's 53,6% (2018: 53,6%) in the issued ordinary share capital of Liberty, Jacko Maree and Sim Tshabalala being directors of both Liberty and Standard Bank Group Limited had in aggregate an indirect beneficial and non-beneficial interest of 153 461 712 (2018: 153 461 712) ordinary shares in Liberty at 31 December 2019.

## Implementation report

The implementation report provides a breakdown of executive director and non-executive director remuneration for 2019. The remuneration breakdown as applied within the group's remuneration policy is provided in line with King IV™ reporting requirements and complies with the Companies Act and related legislation on disclosing prescribed officer remuneration.

### Executive directors remuneration

#### Prescribed officers

The Companies Act and associated regulations introduced the concept of prescribed officers and related remuneration disclosure. The directors' affairs and remuneration committees considered the Act and obtained legal opinion. These committees assess the prescribed officer definition annually from a specific company rather than a group perspective. David Munro and Yuresh Maharaj were assessed as meeting the prescribed officer definition for Liberty Holdings Limited in line with policy. Their remuneration details are detailed in this section.

#### Guaranteed remuneration

Executive director guaranteed pay is made up of a cash component (monthly salary), medical aid contributions, retirement and risk benefits and applicable allowances.

The board approved a 10,4% (2019: 0%) increase for members of the executive committee which includes market adjustments based on benchmarking against peers. As a result of satisfactory performance and benchmarking against industry peers, the annual remuneration package of the financial director was adjusted by 25,0% to R5 million, effective 1 January 2020. The annual remuneration package of the group chief executive will be adjusted by 8,4% to R8,5 million with effect from 1 April 2020.

#### Short-term Incentives

The short-term incentive is conditional on the achievement of two sets of performance criteria (as noted under section 2 of this report) a financial component linked to group financial targets and a non-financial component linked to individual performance scorecards. The performance measures and targets set for the short-term incentive scheme FY2019 are provided below:

Group financial performance scorecard	Weighting	Weighting
IFRS operating earnings <sup>1</sup>	40%	37,8%
Group equity value generation <sup>2</sup>	40%	37,1%
VoNB (Value of new business) <sup>3</sup>	20%	0%
<b>Overall achievement</b>	<b>100%</b>	<b>74,9%</b>

#### Individual non-financial performance scorecards

##### D Munro

Maximise the relationship with Standard Bank  
 Drive SA Retail performance to deliver growth  
 STANLIB to deliver compelling investment performance  
 Finalise outcomes for each of the group's growth initiatives  
 Create and maintain a motivated workforce that delivers brilliantly on the basics with a sense of pride and ownership  
 Enable our clients, advisers and employees through digital platforms and smart tools  
 Deliver exceptional client and adviser experiences that reflect our humanity and reinforce trust

**Overall achievement: An assessment against the above KPIs delivered a fully achieved result**

##### Y Maharaj

Appraise shareholders and analysts of remediation and restoration efforts at Liberty  
 Cost management and reporting  
 Facilitate the establishment and tracking of key business and financial metrics across the group (linked to the group's strategic value driver model)  
 Strengthen the financial control environment  
 Drive the prioritisation and execution of key project delivery in 2019 ensuring availability of funding resources

**Overall achievement: An assessment against the above KPIs delivered a fully achieved result**

<sup>1</sup> Defined as normalised headline earnings excluding the performance on the shareholder investment portfolio (SIP) and unhedgeable components of asset/liability mismatches. This measurement was chosen given its relevance to those earnings that management's performance has the most direct influence over.

<sup>2</sup> This reflects the group equity value profits normalised for the assumed annual long-term investment return and measured before dividends to Liberty Holdings Limited ordinary shareholders, share buy-backs and other capital transactions. Remco chose this measure as this reflects the best estimate of value generated by the business during the year and is normally closely correlated to share price.

<sup>3</sup> The value of new business targets is adjusted to normalise for changes in economic assumption.

The annual short-term incentives paid to executive directors for FY2019 are set out below:

Executive directors <sup>1</sup>	Annual short-term incentive R'000	Percentage of guaranteed remuneration %	Deferral into Liberty restricted shares R'000
D Munro	8 815	112%	2 676
Y Maharaj	4 672	117%	1 012

<sup>1</sup> The performance achievement of each executive director is disclosed on page 16.

## Long-term Incentives

The long-term incentive awards granted to David Munro and Yuresh Maharaj are in line with the reward scenario noted on page 14 of this report, where a multiple of between 1-2 times salary was referenced. The actual awards are noted in the additional disclosure table on page 19 of this report.

## Implementation report continued

### Single figure disclosure

#### Executive directors' remuneration

Remuneration, including incentives, is calculated *pro rata* to the period served as a prescribed officer. The presentation of the remuneration components below reflect the award values in relation to the performance period to which they relate. Single figure disclosure is in accordance with King IV™. Additional disclosure is provided for purposes of completeness and comparability with information provided in previous periods. Not all components are immediately settled and are linked to the ordinary share price of Liberty Holdings Limited as well as being contingent on performance and service periods.

R'000	2019		2018	
	DC Munro	Y Maharaj	DC Munro	Y Maharaj <sup>(1)</sup>
<b>Single figure disclosure</b>				
Fixed remuneration <sup>(2)</sup>	7 844	4 023	7 771	3 645
Cash portion of package	7 001	3 464	6 938	3 115
Other benefits	184	95	182	183
Retirement contributions	659	464	651	347
Variable remuneration awards <sup>(3),(4)</sup>	8 815	4 672	8 119	3 985
Cash	6 139	3 570	5 983	3 055
Restricted share plan	2 676	1 102	2 136	930
Long-term awards	2 175	878	498	630
Equity growth scheme <sup>(5)</sup>	1 529			
Restricted share plan <sup>(6)</sup>		207		
Dividends	646	671	498	630
<b>Total remuneration</b>	<b>18 834</b>	<b>9 573</b>	<b>16 388</b>	<b>8 260</b>
<b>Additional disclosure</b>				
Fixed remuneration <sup>(2)</sup>	7 844	4 023	7 771	3 645
Cash portion of package	7 001	3 464	6 938	3 115
Other benefits	184	95	182	183
Retirement contributions	659	464	651	347
Variable remuneration awards <sup>(3),(4)</sup>	8 815	4 672	8 119	3 985
Cash	6 139	3 570	5 983	3 055
Restricted share plan	2 676	1 102	2 136	930
Long-term awards	13 500	6 500	15 000	7 079
Performance reward plan <sup>(7)</sup>	13 500	6 500	15 000	7 079
<b>Total</b>	<b>30 159</b>	<b>15 195</b>	<b>30 890</b>	<b>14 709</b>
Accrued and settled	13 983	7 593	13 754	6 700
Deferred in terms of short-term incentives policy <sup>(3)</sup>	2 676	1 102	2 136	930
Deferred in terms of long-term incentives policy <sup>(7)</sup>	13 500	6 500	15 000	7 079

<sup>(1)</sup> Appointed as financial director on 12 February 2018.

<sup>(2)</sup> Fixed remuneration includes all guaranteed amounts and value of benefits granted only conditional to services rendered to Liberty. Generally fixed remuneration is adjusted annually for inflation and market conditions effective 1 April each year.

<sup>(3)</sup> Variable awards are performance based and referenced to the guaranteed package in the month of the award being granted. Deferred portions of awards are allocations of restricted shares under the conditions of the restricted share deferred bonus scheme.

<sup>(4)</sup> Short-term incentives were approved based on the group results for the 2019 financial year and payable in the 2020 financial year. Incentives are calculated as a percentage of total guaranteed package as at 31 December 2019. Comparatives have been calculated on a similar basis.

<sup>(5)</sup> The first tranche of the 2017 Equity Growth Scheme award was assessed against the financial performance of 2019. A 25% partial vesting was achieved.

<sup>(6)</sup> Mr Y Maharaj had three tranches of long-term restricted share plan awards vesting relating to the financial performance of 2019. Two of these tranches were forfeited due to the performance condition not being met and a 25% partial vesting of the first tranche of the 2017 award was achieved.

<sup>(7)</sup> The awards are fully subject to vesting conditions and performance conditions which were approved by the remuneration committee in February 2020 and 2019 in order to align to the performance periods of 2019 and 2018. Conditions include a minimum threshold to achieve any vesting, a target and a stretch target, with interpolation between targets.



## Summary of past long term awards not exercised

### Equity-settled schemes

#### Liberty rights under option

D Munro (R'000)	Date granted	Price payable per share	Date fully vested	Opening balance	Shares/ rights/ granted/ (exercised)/ forfeited	Shares/ rights at the end of 2019	Value on grant date (R'000)	Value on settlement 2019 <sup>(1)</sup> (R'000)	Fair value at year end 2019 <sup>(2)</sup> (R'000)
Equity-settled schemes				725 000		725 000	25 364		16 392
	30 May 2017	R110 79	30 May 2022	500 000		500 000	16 198		12 212
	1 Mar 2018	R138 00	1 Mar 2023	225 000		225 000	9 167		4 180
Restricted share plan (long-term plan)				65 218		65 218	9 000		7 216
	1 Mar 2018	R138 00	1 Mar 2023	65 218		65 218	9 000		7 216
Restricted share plan (deferred plan)				28 337	(2 264)	26 073	2 761	248	2 885
	1 Mar 2018	R138 00	1 Sep 2021	6 794	(2 264)	4 530	625	248	501
	1 Mar 2019	R99 14	1 Sep 2022	21 543		21 543	2 136		2 384
				818 555	(2 264)	816 291	37 125	248	26 493
Y Maharaj (R'000)	Date granted	Price payable per share	Date fully vested	Opening balance	Shares/ rights/ granted/ (exercised)/ forfeited	Shares/ rights at the end of 2019	Value on grant date (R'000)	Value on settlement 2019 <sup>(1)</sup> (R'000)	Fair value at year end 2019 <sup>(2)</sup> (R'000)
Equity-settled schemes				80 000		80 000	3 259		1 486
	1 Mar 2018	R138 00	1 Mar 2023	80 000		80 000	3 259		1 486
Restricted share plan (long-term plan)				86 577	(15 169)	71 408	9 167		7 901
	1 Sep 2015	R128 80	1 Sep 2020	20 704	(10 352)	10 352	1 333		1 145
	1 Mar 2016	R138 40	1 Mar 2021	14 451	(4 817)	9 634	1 333		1 066
	1 Mar 2017	R111 43	1 Mar 2022	22 436		22 436	2 500		2 483
	1 Mar 2018	R138 00	1 Mar 2023	28 986		28 986	4 000		3 207
Restricted share plan (deferred plan)				4 835	7 533	12 368	1 278	336	1 369
	1 Mar 2016	R138 40	1 Sep 2019	1 875	(1 875)			206	-
	1 Mar 2017	R111 43	1 Sep 2020	1 244	(621)	623	69	68	69
	1 Mar 2018	R138 00	1 Sep 2021	1 716	(572)	1 144	158	63	127
	1 Mar 2019	R99 14	1 Sep 2022		10 601	10 601	1 051		1 173
				171 412	(7 636)	163 776	13 704	336	10 756

<sup>(1)</sup> Value of cash flow is calculated by multiplying the vesting share price by the total units vesting and applying performance conditions where applicable.

<sup>(2)</sup> The fair value is calculated by multiplying the LHL share price as at 31 December 2019 by the total unvested units. A Black Scholes valuation has been applied to the EGS awards and the restricted shares have been assumed to deliver full value and no performance conditions have been applied.

## Implementation report continued

### Non-executive director fees (single figure disclosure)

No increases were applied to the 2019 non-executive directors' fees in respect of Liberty Holdings Limited, Liberty Group Limited and STANLIB Limited.

Directors <sup>(1)</sup> (R'000)	Executive directors of LHL and LGL	Non- executive directors of LHL and LGL	Committee fees	Ad hoc fees	Directors of STANLIB Limited	Directors of Liberty L2D Limited	Total Liberty group	Other SBG <sup>(1)</sup>	Total remunera- tion
<b>2019</b>									
JH Maree <sup>(2)</sup> (chairman)		2 894					2 894	1 753	4 647
AWB Band (lead independent director)		935	604	26		903	2 468		2 468
SL Botha (resigned 30 April 2019)		115	159				274		274
N Criticos (appointed 1 September 2019)		115	96		45		256		256
AP Cunningham <sup>(3)</sup>		2 661					2 661		2 661
MW Hlahla		347	102		180		629		629
N Khan		347	425				772		772
Y Maharaj	9 573						9 573		9 573
DC Munro	18 834						18 834		18 834
SP Ridley		347	344				691		691
CL Roskruge Cele		347	239				586		586
SP Sibisi		347	602				949		949
T Skweyiya		347	76		120		543		543
YGH Suleman		347	1 011	26			1 384		1 384
JH Sutcliffe <sup>(4)</sup>		2 921					2 921		2 921
SK Tshabalala <sup>(5)</sup>								49 196	49 196
H Walker		347	383		180		910		910
<b>Total</b>	<b>28 407</b>	<b>12 417</b>	<b>4 041</b>	<b>52</b>	<b>525</b>	<b>903</b>	<b>46 345</b>	<b>50 949</b>	<b>97 294</b>

<sup>(1)</sup> Other SBG is defined as Standard Bank Group Limited and its subsidiaries excluding Liberty and is paid by Standard Bank Group.

<sup>(2)</sup> The chairman of the board received a composite fee in lieu of committee fees for his services as a director of Liberty Holdings Limited and Liberty Group Limited.

<sup>(3)</sup> Mr AP Cunningham is an international director and received a composite fee of £142 450 as a member of the board, committees and subsidiary boards. 2019 rand equivalent of director's foreign currency fees paid is R2 661 092.

<sup>(4)</sup> Mr JH Sutcliffe is an international director and received a composite fee of £152 750 as a member of the board, committees, subsidiary boards and chairman of a committee. 2019 rand equivalent of director's foreign currency fees paid is R2 921 010.

<sup>(5)</sup> Mr SK Tshabalala, a non-executive director of Liberty, as CEO of Standard Bank Group was a full time employee of the Standard Bank Group and therefore did not receive director's fees or other remuneration from Liberty. Mr SK Tshabalala's fixed remuneration for the year-ended 31 December 2019 was R10,2 million. The variable remuneration awards (being both the short-term and long-term incentives) are subject to the required governance and will be approved by the Standard Bank Group board of directors on 4 March 2020. This information is not yet publicly available and has therefore been redacted at the time of the publication of Liberty's annual financial statements. The redaction will be removed when Standard Bank releases their results on 5 March 2020.



## Directors' remuneration (single figure disclosure)

Directors <sup>(1)</sup> (R'000)	Executive directors of LHL and LGL	Non- executive directors of LHL and LGL	Committee fees	Ad hoc fees	Directors of STANLIB Limited	Directors of Liberty L2D group	Total Liberty group	Other SBG <sup>(2)</sup>	Total remunera- tion
<b>2018</b>									
JH Maree <sup>(3)</sup> (chairman)		2 894					2 894	1 808	4 702
AWB Band <sup>(4)</sup> (lead independent director)		935	605	130		787	2 457		2 457
SL Botha		347	476				823		823
AP Cunningham <sup>(5)</sup>		2 210		104			2 314		2 314
MW Hlahla		347	102		180		629		629
N Khan		347	345				692		692
Y Maharaj (appointed 12 February 2018)	8 260						8 260		8 260
DC Munro	16 388						16 388	18 428	34 816
S Ridley (appointed 1 September 2018)		115	115				230	4 924	5 154
CL Roskrugge Cele		347	171				518		518
SP Sibisi		260	689				949		949
YGH Suleman		347	944	130			1 421		1 421
JH Sutcliffe <sup>(6)</sup>		2 712		104			2 816		2 816
SK Tshabalala <sup>(7)</sup>								59 065	59 065
H Walker (appointed 1 September 2018)		115	128		60		303		303
<b>Total</b>	<b>24 648</b>	<b>10 976</b>	<b>3 575</b>	<b>468</b>	<b>240</b>	<b>787</b>	<b>40 694</b>	<b>84 225</b>	<b>124 919</b>

<sup>(1)</sup> Ms T Skweyiya was appointed to the board on 15 December 2018 and did not receive any directors' fees in the current year.

<sup>(2)</sup> Other Standard Bank Group is defined as Standard Bank Group Limited and its subsidiaries, excluding Liberty and is paid by Standard Bank Group.

<sup>(3)</sup> The chairman of the board received a composite fee in lieu of committee fees for his services as a director of Liberty Holdings Limited (LHL) and Liberty Group Limited (LGL).

<sup>(4)</sup> Mr AWB Band is a director of Liberty Two Degrees Limited, which includes STANLIB REIT Fund Managers (RF) Propriety Limited as part of the group. He received fees to the value of R656 000 as part of his responsibilities as director of STANLIB REIT Fund Managers (RF) Propriety Limited, and R131 000 for Liberty Two Degrees Limited.

<sup>(5)</sup> Mr AP Cunningham is an international director and received a composite fee of £129 933 as a member of the board, committees and subsidiary boards in 2018. In addition, ad hoc committee and board attendance fees of R104 000 were paid. The rand equivalent of director's foreign currency fees paid is R2 314 270.

<sup>(6)</sup> Mr JH Sutcliffe is an international director and receives a composite fee of £152 750 as a member of the board, committees, subsidiary boards and chairman of a committee. In addition ad hoc committee and board attendance fees of R104 000 were paid. The 2018 rand equivalent of director's foreign currency fees paid is R2 816 180.

<sup>(7)</sup> Mr SK Tshabalala, a non-executive director of Liberty, was a full time employee of the Standard Bank Group and therefore did not receive directors' fees or other remuneration from Liberty.

## Implementation report continued

### Interest of directors, including their families, in the share capital of Liberty

(R'000)	Number of shares	
	2019	2018
<b>Executives' shareholding</b>		
DC Munro	90 037	88 806
Y Maharaj	4 051	2 384
	<b>94 088</b>	<b>91 190</b>
<b>Non-executives' shareholding</b>		
SL Botha		5 335
JH Maree	100 000	100 000
T Skweyiya	455	
JH Sutcliffe	4 000	4 000
SK Tshabalala	43 000	43 000
	<b>147 455</b>	<b>152 335</b>
<b>Total</b>	<b>241 543</b>	<b>243 525</b>

### Deviation from policy

There were no material deviations from the remuneration policy. Remco is satisfied that all remuneration practices are in line with the group remuneration policy.

### Advisory vote on implementation report

The implementation report is tabled annually at the AGM for a non-binding advisory vote by shareholders. Liberty commits to engage with shareholders and address any part or parts of the remuneration policy or its implementation in the event of votes against the policy and its implementation by 25% or more of the votes exercised.





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