LIBERTY

Liberty Holdings Limited

Remuneration report for the year ended 31 December 2018

Remuneration of Liberty's people

Background statement

Liberty's approach to remuneration is to promote the achievement of its strategic objectives, while considering the management of the risk, capital and liquidity of the company and encouraging individual performance through the setting and administration of a group policy that articulates and gives effect to fair, responsible and transparent remuneration.

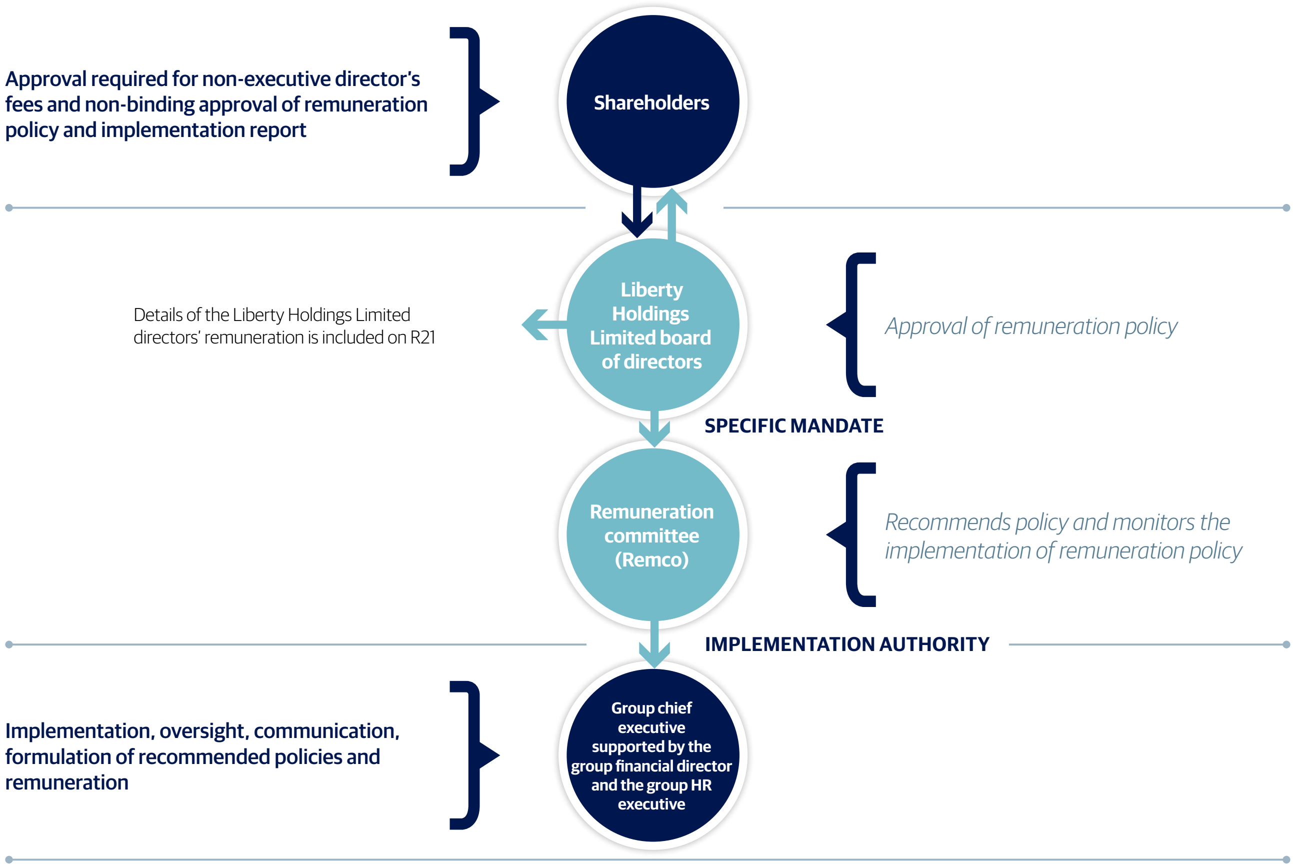
The Liberty remuneration philosophy aims to ensure competitive remuneration, which is fair to the individual, shareholders and other stakeholders, and ensures that the group attracts and retains the best people. A selection of shareholders was engaged in May 2018 to obtain feedback on our remuneration policy. We note the shareholder vote at the group's AGM in 2018 on the 2017 implementation report at 81,9%. This compares to 97,5% for the remuneration policy. We believe this outcome was attributable to the financial consequences of the resignation of the previous CEO, Thabo Dloti, and the appointment of David Munro. The remuneration committee (Remco) continues to believe that the group's remuneration policies and practices deliver rewards that are fair, responsible and transparent and promote the achievement of strategic objectives and value creation over the short, medium and long term.

However, it has become apparent that the long-term incentive (LTI) schemes have not delivered value for the participants and have, as a result, not been a successful motivator or retention mechanism. This issue will be addressed in 2019. Changes to the long-term incentive arrangements are envisaged for 2019 with the intended implementation of a new long-term incentive plan, the Liberty performance reward plan. This plan will be discussed with a number of shareholders in addition to the Standard Bank Group. In the interest of good governance and transparency, comments and feedback obtained during this engagement process will be carefully considered prior to implementation of the plan.

The remuneration policy and implementation reports will be presented for separate non-binding advisory votes by shareholders at the upcoming annual general meeting. The board will continue to encourage regular dialogue with shareholders in respect of the evaluation of remuneration policy.

Governance of remuneration

Remuneration policy, structures and processes at Liberty are set within a governance framework. The diagram below outlines the main levels of authority within this framework:



Purpose and role of the remuneration committee

The primary purpose of the Remco is to ensure that the remuneration practices and policy support the delivery of the business strategy. The Remco implements its board mandate through interaction with shareholders, board members, external consultants, Standard Bank and management.

Thorough independent external research on remuneration best practice, industry and country specific trends and role profile benchmarking assist the committee in formulating policy and remuneration structures at Liberty. The committee members have unrestricted access to information to independently ensure compliance with the group risk appetite, remuneration policy and regulatory requirements. There is communication with relevant executives to enable them to manage their employees within the approved policy. The Remco is assisted by dedicated human resource experts and sub-committees which focus on specific issues. The key objective is to have an appropriate link between levels of remuneration to business performance and strategy implementation while operating within the group's approved risk appetite and governance framework.

Internal and external factors that influenced remuneration for 2018

The group remained resilient during 2018 and generally showed a marked improvement on the results produced during 2017 with an increase in operating earnings of 42% and a 59% increase in value of new business coupled with strong positive net client cash flows

The weighted group financial performance result measured against the set financial targets in respect of the short-term incentive scheme delivered 67% of the full target. This is a marked improvement on the 31% of full target achieved in 2017 and 35% in 2016. The improvement in the achievement against targets is the main driver of a 12,5% increase in the short-term incentive awards for the 2018 financial year. Long-term incentive scheme awards have declined by 24% compared to 2017 as result of the envisaged LTI scheme. The total aggregate variable pay awards mentioned above increased by 2,1% after taking account of a 7% decline in headcount to ensure that skills were retained and to recognise performance.

The 2018 financial year can further be characterised by significant activities in respect of shaping the client, adviser and employee experience. In line with the revised strategy, the incentive schemes for the group were reviewed and the Remco considered changes to the short-term and long-term incentive constructs to reward behaviours that support the delivery of the business strategy appropriately. These changes are envisaged to only be effective from 2019.

Salary increases were in line with market for junior staff, however in consideration of ongoing business headwinds, the required remedial focus on Libertys' core businesses as well as to contain job losses the increases for senior staff were set at below inflation amounts and within business affordability levels.

The cumulative financial performance condition imposed on the Liberty long-term incentive scheme (LTI – 1 LTIP plan) was not achieved and this has resulted in full share forfeitures in respect of the final vesting tranche for 2014, the second vesting tranche of the 2015 award as well as the first vesting tranche of the 2016 award. This ongoing forfeiture of past awards and increasing dissatisfaction of management in the scheme are the main reasons for the review of the variable award schemes during 2018.

The result of this review has been to propose changes in the scope and mechanics of in particular the long-term remuneration construct. The important link of performance to reward however, remains the core principle.

Actions implemented arising from the variable award scheme review during 2018

No awards were considered for 2019 under the current LTI – 1 scheme (Liberty restricted plan (LTIP)). Two alternate incentive arrangements are intended to take effect from 2019 as follows:

Special deferred restricted share plan

These are monetary awards which are fully deferred into the Liberty Holdings group restricted share plan (deferred plan, LTI – 2), as described under the long-term incentive section. The purpose of these awards is to recognise employees for their performance and contribution with a deferred incentive instrument which is not subject to financial performance conditions and which provides a defensive retention mechanism. In addition, this construct is seen as a useful lever in attracting key talent to Liberty.

These awards will be administered under the group restricted share plan (deferred plan, LTI – 2) as described under the long-term incentive section. The Remco believes that there are too many employees on the current restricted share plan who cannot influence the strategic outcome of the group and receive small allocations with stringent performance conditions attached. The scheme has become a de-motivator for these employees. The purpose of the special deferred restricted share plan is to recognise employees for their performance and contribution within their defined roles and provide a retention mechanism. This scheme will not be subject to financial performance conditions

Performance reward plan

The main purpose of the performance reward plan is to promote the group's strategic long-term objectives and the alignment of the interests of shareholders through normalised return on IFRS equity and normalised return on group equity value generated. The plan is aimed at a small group of executives and senior management who are able to significantly influence the long term performance of Liberty. Awards relevant to 2019 are aimed at a group of approximately 40 eligible individuals.

Under this plan, the proposed annual long-term incentive awards will be granted to executives and senior management, subject to performance conditions. Awards are fully subject to performance conditions which are set annually by the 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 the commencement of an award, they 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 target. The shares vest after four years, when 50% of the award will be settled in year four and 50% in year five. In addition, a cash award will be paid at the vesting dates equivalent to the dividends declared, over the vesting period times the number of shares that vested. The performance targets are weighted between ROE and RoGEV targets over the performance period and the plan has a maximum 200% cap on vesting. Shares are purchased by the group on vesting, avoiding any existing shareholder dilution from external market participants.

The settlement of units on vesting will be honoured by purchasing shares on the open market which will not have a shareholder dilution effect. Vesting obligations relating to past and current Liberty share incentive schemes have always been fulfilled on this basis and this practice is intended to be maintained in respect of the performance reward plan. It is therefore not a requirement, per schedule 14 of the JSE Listings Requirements, that the plan is tabled at the upcoming annual general meeting in May 2019 for a shareholder vote. In the interest of good governance and transparency, this plan will be discussed with a number of shareholders in addition to the Standard Bank Group prior to the annual general meeting. Comments and feedback obtained during this engagement process will be carefully considered prior to implementation of the plan.

Proposals and implemented actions arising from variable award scheme review during 2018 (continued)

Metrics and vesting thresholds for March 2019 awards measured over the four years ending 31 December 2022 relating to the performance reward plan

Performance conditions for 2019 vintage	• Normalised return on IFRS equity (ROE)[1] • Normalised return on group equity value generated (RoGEV)[1] **ROE (60% weighting)** • Below 14% average return, no vesting of units • Maximum vesting at 200% of units if average 19% return is achieved over the period. **RoGEV (40% weighting)** • Average return generated below 8,5%, no vesting of units • Maximum vesting at 200% of units if 13,5% average return is generated.
Vesting period	**4 years – 50% settled after year 4** **50% settled after year 5**
Other	• Notional dividends will accrue on vested units during the vesting period and are payable on vesting and settled in cash • Performance measures and weightings are set annually by the Remco • The performance period of four years will determine the relevant shares to be delivered and 50% of shares will be settled after year 4 and 50% after year 5. No additional holding period is required.

[1] *Normalised return on IFRS equity (ROE) and return on group equity value generated (RoGEV). 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.*

Areas of focus in 2018

- The short-term incentive construct for the insurance operations was reviewed by management in conjunction with the Remco and it was concluded that the construct and funding are in line with national and international best practice.
- The short-term management incentive scheme was slightly amended to allow for the personal key performance indicator component to be more discretionary. The financial performance scale was also changed to include a limit for each individual of 145% of the target. Outperformance above 145% creates a pool for discretionary allocation subject to the Remco approval. See table under STI – 1 on page R9 for more information.
- In 2018 a once off award of the Liberty equity growth scheme rights (refer LTI – 3) were granted to a limited group of 32 individuals to drive a high level of motivation and engagement for key individuals in executing the revised strategy.
- The long-term incentive scheme was also reviewed and a specific performance share plan will ensure that appropriate equity instruments are offered to employees to enable longer term retention and alignment with shareholders in terms of more appropriate performance conditions.

Independent remuneration consultants

During 2018, 21st Century Pay Solutions, PwC, PwC Remchannel, Oliver Wyman, Mercer and Employment Conditions Abroad conducted surveys on Liberty's behalf on remuneration trends and benchmarking of remuneration and benefits as well as remuneration regulations and compliance. In addition, input is obtained from Standard Bank to ensure alignment where relevant.

Achievement of the objectives of the remuneration policy

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

Shareholder voting on remuneration issues

The shareholder voting results on remuneration matters at the 2018 and 2017 AGM are indicated in the tables below.

% votes in favour	May 2018	May 2017
Ordinary resolution on non-binding advisory vote on remuneration policy	97,5%	97,5%
Ordinary resolution on non-binding advisory vote on implementation report	81,9%	n/a*
Special resolution on issue of ordinary shares for share incentive schemes	86,1%	86,3%
Special resolution on fees of non-executive directors	98,6%	99,9%

* *Reporting requirement is applicable from 2018 reporting period in terms of King IV™.*

Future areas of focus

- Validation of remuneration levels will be conducted across the business in line with the new structures and capabilities created in terms of the revised business strategy.
- The reward philosophy will be aligned to an employee experience programme to be rolled out as part of the revised strategy.
- The STANLIB short-term incentive structure will be revisited in line with business strategy changes envisaged over the next two years.
- The impact of the proposed changes to the variable pay plans will be monitored during 2019, specifically where it pertains to the performance reward plan.

Overview of remuneration policy

Summary of the group's remuneration policy

Liberty's remuneration policy ensures as far as possible that its employee and shareholder interests are aligned. The remuneration policy is linked to the group's strategy which is discussed in the integrated report. Competitive remuneration, which is fair to both the individual and to shareholders, is critical in attracting and retaining the best people. Key principles of the policy include:

- remuneration practices which encourage behaviour consistent with the group's vision, purpose and values
- remuneration practices which do not encourage excessive risk taking outside of the group's risk appetite
- remuneration practices that are not based on race and gender discrimination, as well as internal and external parity
- a focus on total remuneration and reference to "like-for-like" market remuneration levels, adjusted for relative experience and responsibility levels
- total remuneration packages are geared to meeting both short-term operational goals and long-term strategic objectives
- fixed and variable pay is appropriately structured according to seniority and roles
- a strong correlation between performance and total remuneration, allowing for upside opportunities for exceptional performance
- individual rewards are determined according to group, business unit and individual performance
- the cost to the business is an important consideration in the design of remuneration structures to ensure an efficient approach to remuneration.

Ensuring alignment of remuneration with risk taken

The chief risk officer reports to the 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 report includes assessment against the new prudential regulatory regime, and the governance and risk management framework for Insurers as developed by the Prudential Authority. This reporting confirmed that the group operated within risk appetite and that all risk breaches had been taken into consideration for incentive awards approved by the Remco.

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.

Minimum shareholding for executive directors

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

The long term requirement is accumulated over time where any vested shares are required to be held until the minimum holding level is met and is monitored by the Remco annually. This provision applies to incentive awards granted to the executive from the date when the senior executive becomes a prescribed officer.

Fair and responsible remuneration

Liberty is committed to the principle of fair and responsible remuneration across the group, and therefore considers the fairness of executive remuneration in the context of remuneration paid to all employees. The Liberty reward philosophy allows for differentiation where it is fair, rational and explainable. Liberty pays for performance and this remuneration must be externally competitive and internally equitable and is assessed with the principle of equal pay for work of equal value, to identify and address any unjustifiable remuneration disparities.

Investing in people initiatives through talent mapping, employee development and training courses create a work environment and work culture conducive to an employee's growth, to progress their careers and therefore their 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
- Independent oversight and approval of remuneration by appropriate governance forums.

Fair remuneration is achieved through

- Transparent pay differentiation processes and performance measurement
- 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.

The 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
- Continuous monitoring of pay gaps.

Remuneration structures

Liberty's remuneration structures are designed to attract and retain talent at all staff levels, with an appropriate mix between guaranteed remuneration and variable remuneration. Remuneration packages are geared to the employee's level of influence and role complexity. The balance between guaranteed and variable pay is appropriately structured and does not reward risk taking outside the board approved risk mandates.

All employees have some level of variable pay. No long-term service agreements are entered into at senior management level and notice periods do not exceed three months.

GUARANTEED REMUNERATION

Salary level is based on function, experience and market pay levels

Base salary and benefits

Liberty enhances the value created for individual employees by allowing package structuring to align with personal financial requirements, including the ability to increase life and disability cover, leave entitlement and contributions to retirement funds. This structuring must be within the total guaranteed remuneration package and be compliant with labour and taxation legislation.

Element	Business objective	Policy detail
Basic salary	To attract and retain employees in line with the scope, nature and skills requirements of the role.	Liberty's standard is to benchmark to the market median for financial services. The entire package construct, including variable remuneration, is designed to attract and retain critical skills, experience, performance and drive transformation. Salary increases are scheduled annually effective 1 April and reflect a market-related adjustment based on inflation, market and financial sector trends. At an individual level, the employee's performance and market comparison per job grade informs the increase.
Compulsory benefits	Enables employees to have appropriate savings for their retirement and maintain a healthy lifestyle.	Membership of the Liberty defined contribution fund is compulsory for all new employees. All staff funds include life and disability cover. All staff are contractually obliged to belong to a medical aid, either the restricted Liberty administered medical scheme (Libcare), or their spouse's medical scheme.
Optional benefits and qualifying allowances	To enhance the package available to employees and assist with retention and productivity.	These benefits and allowances include, for example, funeral cover, car allowances, spouse's life cover etc.

Remuneration structures (continued)

VARIABLE REMUNERATION

Variable remuneration awards are based on group, business area and individual performance

Short- and long-term incentives

The primary role of variable remuneration is to drive performance within risk appetite, retain key employees and ensure alignment between executives and shareholders. There is a strong correlation between objectively-measured performance and levels of remuneration. An annual performance contract exists for every role, defining and clarifying the objectives and outputs required of each person. Performance contracts and incentive structures identify and clarify measurable (financial and non-financial) deliverables and indicators against which performance can be measured over defined periods. Formal reviews of these performance contracts take place to ensure transparency in performance feedback, to identify development needs and to determine corrective action where appropriate. The year-end performance review is used as an input for both salary increases and incentive awards.

Element	Business objective	Policy detail
Short-term Cash payment Deferral into shares	To align employee and company interests to achieve stated objectives in a year, while balancing short-term performance and risk taking with sustainable value creation for shareholders.	The schemes are based on a series of financial targets and non-financial objectives. Except for STANLIB's scheme, the Remco has the discretionary right to adjust actual financial performance for any items they determine were not in management's control or inappropriate risk taken. Key principles include minimum qualifying service periods in the year, pro rata adjustments for service periods of less than a year and a pre-condition of being in the employment of the group at award date. Awards above R500 000 are subject to deferral Between R500 000 and R2 million – 20% of excess over R500 000 is subject to deferral Above R2 million up to R5,5 million – 30% of the excess over R2 million is subject to deferral Above R5,5 million – 40% of the excess above R5,5 million is subject to deferral
Special deferred awards	To recognise employees for performance and contribution as well as to provide a defensive retention mechanism with a deferred incentive instrument.	Awards are discretionary and fully deferred into deferred restricted shares. The awards take into consideration total remuneration benchmarks as well as the role and performance of the individual. Standard forfeiture and clawback provisions apply.
Long-term	The primary role of long-term incentive awards is to align management objectives closely to those expected by shareholders. Long-term plans supplement deferred short-term incentive awards to effectively assist in the recruitment, motivation and retention of key management and critical skills.	All awards are discretionary and subject to performance conditions. The general policy is that awards are made annually taking into consideration total remuneration benchmarks to ensure that the award is a benchmarked multiple of guaranteed package. In addition, the role and performance of the individual and the need to retain their services in the future are considered. Standard forfeiture and claw-back provisions apply.

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 assist in achieving sales and client retention targets. Based on performance and grading, certain tied agents in South Africa qualify for either a cash-settled unit scheme linked to Liberty Holdings share price payable after three years, or a deferred STANLIB unit trust forward purchase scheme, with a delivery period of one to three years. Awards under these schemes 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.

Remuneration processes

Benchmarking

Liberty employees are generally benchmarked to the 50th 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.

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

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.

Employee transfers between Liberty and Standard Bank

The remuneration policy of Liberty and Standard Bank allows for portability between group entities and allows 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.

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 2018 there were no significant retention agreements in force.

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 2018 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 their 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.

Termination payments

Although there are no long-term employment contracts in place in the group, severance benefits may be required to be paid which 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 the Remco or the full Remco when relevant or when warranted by the board.

Summary of short-term incentive schemes across the group

Incentive scheme	Eligible employees	Reference	EMPLOYEE APPLICABILITY South Africa	EMPLOYEE APPLICABILITY Africa
Senior management and specialists	Executive and senior management as well as specialists fulfilling key roles	STI – 1	✓	✓
STANLIB short-term	Profit sharing scheme shared in by all levels of STANLIB staff	STI – 2	✓	×
LibFin markets	Teams dealing in market trading activities	STI – 3	✓	×
Liberty general staff	All Liberty staff not participating in the above schemes	STI – 4	✓	✓

STI – 1

Senior management and specialists incentive scheme

This scheme is applicable to senior management and specialists not included in the STANLIB short-term or LibFin markets schemes.

The scheme is designed to incentivise senior management and specialists to achieve the group and specific business area's annual business plans that support the board approved strategy.

There are two performance components of the scheme, the first being personal objectives (non-financial measures) and the second being financial targets. The specialist incentive arrangement focuses less on financial outcomes as compared to the senior management arrangement.

Key Performance Indicators (KPI) participation levels vary between 15% and 30% of the guaranteed package, dependant on role, with risk and specialist roles weighted higher. If minimum financial targets (gate) are not attained, only the KPI component, moderated through the performance management process, is available to be paid as an incentive bonus. The KPI component relating to the specialist scheme allows for a discretionary out-performance which is capped at 125% of the allocated KPI weighting. From 2018 the KPI component relevant to the participants of the Senior Management scheme forms a discretionary pool which is allocated based on individual performance and includes effective risk management and compliance criteria.

The financial component scale at each participant level has a predetermined percentage of guaranteed package at various reference points, which then determines the amount of the incentive to be awarded. Participation levels range between 15% and 110% of guaranteed package at the "on target" level. "On target" is the performance level that the board believes will represent an achievement in line with average realistic shareholder expectations. Amounts awarded are adjusted for achievement above or below this level with a minimum achievement of approximately 80% of "on target" set to qualify for any financial bonus.

Incentive awards may be forfeited if risk appetite is breached.

To ensure that risk officers, internal auditors and compliance officers do not compromise their independence, annual incentive awards for this group of staff are focused less on financial target delivery. These employees' annual incentive awards are weighted more towards the achievement of individual KPIs.

Incentives over a certain threshold (established annually) are deferred into the Liberty Holdings group restricted share plan (see detail under the long-term incentive scheme section below). The purpose is to ensure a retention component to the short-term incentive methodology and to focus management on the longer term business sustainability. In addition, a forfeiture provision is in place over the deferral portion until vesting. Unvested deferrals may be forfeited in full or in part at the Remco's discretion if, in their opinion, the participant has demonstrated misconduct or has misstated financial performance in the current or prior years.

Annual determination of short-term incentive financial targets

Financial targets both at group and business area level, supporting the various short-term schemes are approved by the board annually, and are aligned to the minimum required returns based on IFRS operating earnings, increase in group equity value, shareholder investment portfolio return relative to benchmark and 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 provide appropriate incentivisation, are sufficiently challenging, are aligned to shareholders' interests and are within the group's risk appetite.

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

Summary of South African participant categories on the senior management and specialist incentive scheme

% of annual salary package	Senior management (excluding risk, compliance and technical specialists)	Senior management (fulfilling risk and compliance roles)	Specialists (fulfilling technical specialist roles)
Personal key performance indicators	Between 15% and 30% Aggregate KPI components form a discretionary pool available for allocation	Between 15% and 90% Aggregate KPI components form a discretionary pool available for allocation	Between 15% and 45% No out-performance opportunity with maximum of 125% of this weighting
	+	+	+
Financial targets (split between group and business area, with a minimum weighting of 40% to group targets)	Maximum of 110% for on target[1] measure – scaled for under- or out-performance	Maximum of 30% for on target[1] measure – scaled for under- or out-performance	Maximum of 15% for on target[1] measure – not scaled for out-performance
Below minimum threshold	Nil award	Nil award	Nil award
Above minimum threshold	Bonus increases in line with proportional scale subject to formulaic individual cap of 145% of target slope	Bonus increases in line with proportional scale subject to formulaic individual cap of 145% of target slope	Capped to set percentage
Financial outperformance above 145% of target slope	Yes - forms a general discretionary pool available for allocation	Yes - forms a general discretionary pool available for allocation	No
	EQUALS TOTAL AWARD		
Deferred into restricted shares, vesting in 18, 30 and 42 months with no financial performance conditions (service and individual performance conditions apply)	Between R500 000 and R2 million – 20% of excess over R500 000 are subject to deferral Above R2 million up to R5,5 million – 30% of the excess over R2 million is subject to deferral Above R5,5 million – 40% of the excess above R5,5 million is subject to deferral		

[1] *"On target" is normally referred to the board approved budget.*

STI – 2 STANLIB short-term incentive scheme

This scheme is a profit sharing arrangement and is applicable to STANLIB investment professionals and all other employees. Bonus pools are calculated as pre-defined shares of adjusted profit at a franchise unit 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). Refer to LTI – 2 and LTI – 4.

STI – 3 LibFin markets scheme

Investment professionals in LibFin, given the specialist nature of the skill set required, are eligible for short-term incentive awards that are specifically benchmarked on an annual basis to market related data. This is obtained from the Standard Bank Global Markets remuneration unit and other independent sources as required. The amount of the award is linked to the performance of each participant and the business unit against pre-determined key performance targets. As described under STI – 1, these awards are subject to deferrals and forfeitures at the same scale and conditions.

STI – 4 Liberty general staff incentive scheme

A general staff incentive scheme (excludes all staff on the senior management and specialist incentive schemes, the STANLIB short-term incentive scheme and the LibFin markets scheme) rewards staff based on individual, business unit and group performance. This scheme can pay awards of up to 20% of annual total package. Individual awards granted do not exceed the deferral thresholds.

Summary of long-term incentive schemes (LTIs) across the group

The maximum number of shares that may be acquired by 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 and equates to 725 000 shares.

Schemes	Reference	Eligible employees
Liberty Holdings group restricted share plan (long-term)[1]	LTI – 1	Executive and senior management
Liberty Holdings group restricted share plan (deferred plan) Special deferred restricted awards form part of this plan	LTI – 2	Employees with short-term incentive bonus awards
Liberty equity growth scheme	LTI – 3	Executive and senior management
STANLIB deferred bonus plan	LTI – 4	STANLIB employees
Share unit rights plan	LTI – 5	The scheme is no longer utilised and the last vesting tranche was delivered in March 2017
Performance reward plan	LTI – 6	Executives and senior management

[1] *LTI – 1 No allocations under this plan from 2019*

LTI – 1, LTI – 2, LTI – 3 and LTI – 6 are accounted for as equity-settled share schemes. The other schemes are cash-settled. Staff and management have outstanding awards under the various legacy plans that will vest and be settled under the rules in force at the time of grant and the Remco does not intend to make any further awards under these plans.

LTI – 1 The Liberty Holdings group restricted share plan (long-term)

Long-term incentive awards are discretionary as recommended by the group chief executive and considered by the board for approval. For employees fulfilling key and critical roles 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
- the role, performance and future retention of an employee is considered in the award decision.

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 will be forfeited if these conditions are not met during the performance measurement period.

No awards will be considered under this plan for 2019.

Performance conditions	• Awards granted are subject to performance conditions linked to achieving a cumulative return on group equity value in excess of cumulative cost of equity over the term of the award • The cost of equity target is approved by the board annually and performance in excess of the target, measured over the vesting period, will ensure vesting of 100% of long-term incentives • The return on group equity value is normalised for economic assumption changes and investment variances and is calculated on a cumulative basis • A vesting scale for performance below target levels allows for proportionate vesting of long-term incentives • Performance conditions will be tested at the date of vesting. To the extent that the conditions are not met at this point, the relevant awards will reduce or lapse in line with the vesting scale • Unvested shares are forfeited on termination of employment • No re-testing of performance conditions is permitted.
Vesting period	**33⅓%: 3, 4, 5 year anniversary subject to performance condition on all vestings.**
Other	• Applicable dividends are paid to participants as and when paid by Liberty • No voting rights are attached to the shares held in trust • Liberty Holdings Limited executives can elect to take up to 50% of the award in share rights through the equity growth scheme. A 10% premium is provided on those elections to reward the greater level of uncertainty, the longer vesting period and the absence of dividend rights • Shares cannot be issued by the company, but must be acquired in the market • Share awards are based on the Liberty Holdings Limited share price seven days prior to the last day to trade cum dividend on the JSE.

LTI – 2 The Liberty Holdings group restricted share plan (deferred plan) including special deferred restricted awards

Annual short-term incentive performance bonus payments above thresholds, arising from the senior management, specialist and key STANLIB executive incentive schemes, and the LibFin markets scheme determined annually by the Remco, are subject to mandatory deferral. This is achieved by investing the deferred portions of the short-term incentive awards into Liberty Holdings Limited shares, which are held in a trust subject to vesting conditions. Special deferred awards have been introduced from 2019. The purpose of these awards is to provide a defensive retention mechanism recognising employees for their performance and contribution with a deferred award which is not subject to financial performance conditions. The special deferred awards introduced from 2019 will be fully incorporated into the LTI – 2 plan.

Performance conditions	• Financial performance considerations are not applicable. The short-term incentive award was already dependent on achievement of performance targets • Unvested shares are forfeited on termination of employment.
Vesting period	**33⅓%: 18, 30 and 42 months.**
Clawback	Awards may be reduced or forfeited in full or in part, if in the Remco's judgement there has been misconduct or materially adverse misstatement of financial results.
Other	• Applicable dividends are paid to participants as and when paid by Liberty • No awards granted if the group does not pay incentive bonuses in a particular financial year • No voting rights are attached to the shares held in trust • Shares cannot be issued by the company, but have to be acquired in the market • Share awards are based on the Liberty Holdings Limited share price seven days prior to the last day to trade cum dividend on the JSE • Key STANLIB executives are required to invest 20% of their deferred incentive into Liberty restricted shares.

LTI – 3 The Liberty Equity Growth scheme

Executives are awarded a conditional right to receive shares equal to the value of the difference between the share price at the time that the rights were granted and the share price when the rights are exercised (should the price of a Liberty Holdings Limited share appreciate in value).

Performance conditions	• Awards granted are subject to performance conditions linked to achieving a cumulative return on group equity value in excess of cumulative cost of equity over the term of the award • The cost of equity target is approved by the board annually and performance in excess of the target, measured over the vesting period, will ensure vesting of 100% of long-term incentives • The return on group equity value is normalised for economic assumption changes and investment variances and is calculated on a cumulative basis • A vesting scale for performance below target levels allows for proportionate vesting of long-term incentives • Performance conditions will be tested at the date of vesting. To the extent that the conditions are not met at this point, the relevant awards will reduce or lapse in line with the vesting scale • Unvested shares are forfeited on termination of employment, and • No re-testing of performance conditions is permitted.		
Vesting period	**3 years – 50%**	**4 years – 25%**	**5 years – 25%**
Other	• No rights are issued at a pricing discount, and • Right holders are not entitled to dividends and do not have voting rights.		

LTI – 4 The STANLIB deferred bonus scheme

Annual short-term incentive performance bonus payments up to 50% are subject to mandatory deferral. This is achieved by investing the deferred portions of the STI awards into units of nominated STANLIB-managed unit trusts.

Performance conditions	• Financial performance conditions are not applicable. Short-term incentive bonus was already dependent on achievement of performance targets. This scheme facilitates only the deferral of the cash payment, and • Unvested awards forfeited on termination of employment.
Vesting period	**1 to 3 years**
Other	• No awards granted if the company does not pay incentive bonuses in a particular financial year.

LTI – 5 Share unit rights plan

Units were allocated to executives and senior management at the discretion of the Remco. Each unit value is directly linked to the share price of one Liberty Holdings Limited ordinary share. The unit values are settled in cash, three years after the grant date, subject to the continued employment of the participant over the three-year period. Historical awards are not adjusted for Liberty Holdings Limited dividends paid. The scheme is no longer utilised and the last vesting tranche was delivered in March 2017.

LTI – 6 Performance reward plan

The main purpose of the performance reward plan is to promote the group's strategic long-term objectives and the alignment of the interests of shareholders through normalised return on IFRS equity (ROE) and normalised return on group equity value generated (RoGEV). The plan is aimed at a small group of executives and senior management who are able to significantly influence the long-term performance of Liberty. Awards relevant to 2019 are aimed at a group of approximately 40 eligible individuals.

Performance conditions for 2019 vintage	• Normalised return on IFRS equity (ROE)[1] • Normalised return on group equity value generated (RoGEV) [1] **ROE (60% weighting)** • Below 14% average return, no vesting of units • Maximum vesting at 200% of units if average 19% return is achieved over the period. **RoGEV (40% weighting)** • Average return generated below 8,5%, no vesting of units • Maximum vesting at 200% of units if 13,5% average return is generated.
Vesting period	**4 years – 50% settled after year 4** **50% settled after year 5**
Other	• Notional dividends will accrue on vested units during the vesting period and are payable on vesting and settled in cash • Performance measures and weightings are set annually by the Remco • The performance period of four years will determine the relevant shares to be delivered and 50% of shares will be settled after year 4 and 50% after year 5. No additional holding period is required.

[1] *Normalised return on IFRS equity (ROE) and return on group equity value generated (RoGEV).*
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.

Implementation report

This component of the report provides details of the remuneration paid to executive and non-executive directors, including details of all awards made under variable remuneration incentive schemes. An account of the performance measures used, their relative weighting and the targets set for each variable remuneration scheme is also provided. Information on payments made on termination of employment is also included here.

Executive directors and prescribed officers

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. During 2018, David Munro and Yuresh Maharaj were assessed as meeting the prescribed officer definition for Liberty Holdings Limited in line with policy. Yuresh Maharaj was appointed as Financial Director with effect from 12 February 2018. Their remuneration details are detailed in this section.

Executive directors' remuneration

Executive directors' remuneration was determined in compliance with the group's remuneration policy.

The Remco sets executive director remuneration with due consideration to the performance, experience and responsibility of each director. This evaluation was informed by an extensive benchmarking of similar roles in companies comparable to Liberty's size, industry and risk profile.

Share incentive awards in Standard Bank, awarded prior to the appointment of David Munro as a Liberty executive director, were retained upon his transfer, in line with policy. Standard Bank agreed to fully fund past Standard Bank deferred incentives, including long-term awards granted to David Munro prior to his transfer to Liberty.

For the March 2019 review, David Munro and Yuresh Maharaj were not awarded salary increases in line with the approach adopted for the Exco for the 2018 performance year. They were, however, eligible for both short- and long-term incentive awards, in line with the Remco approved remuneration philosophy and group executive incentive schemes.

Remuneration scenarios for prescribed officers

King IV™ requires disclosure of the potential consequences on the forward-looking total remuneration for executive directors and prescribed officers on a total single figure basis by applying the remuneration policy under minimum, on-target and stretch performance outcome. The following scenarios illustrate what these performance outcomes could deliver to the prescribed officers concerned.

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 discretionary at the Remco's discretion and assumes that no performance targets are achieved.

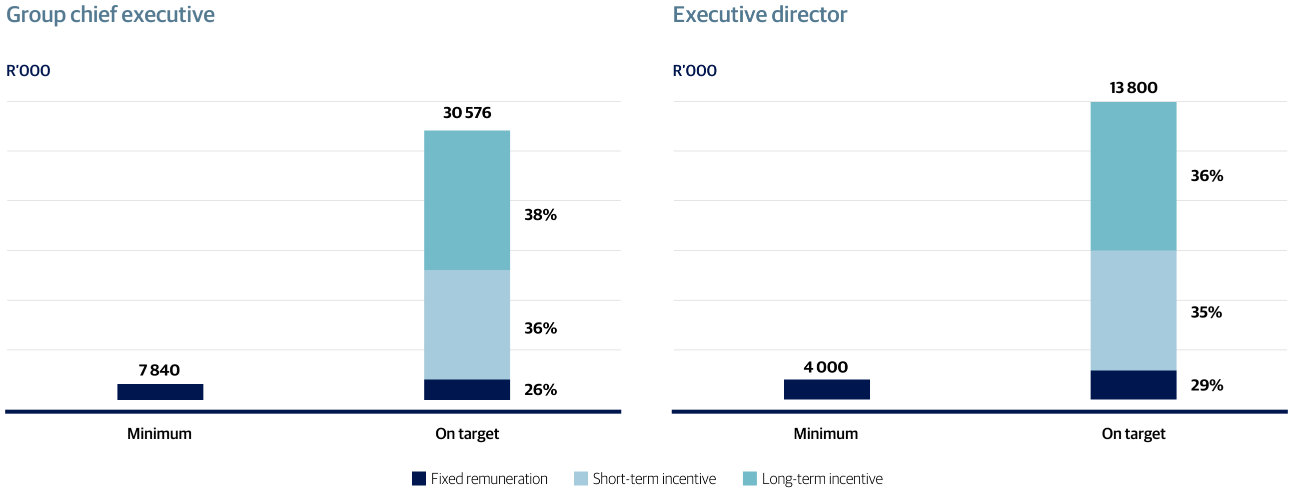
On-target reward scenario

- This scenario assumes performance at 100% of the financial target range and full non-financial component achieved (Group chief executive: 140% of salary; Executive director: 120% of salary).
- The long-term incentives are awarded at the Remco's discretion and assumes that all financial and non-financial performance targets are met at target levels (Group chief executive: 1,5 – 2 times salary; Executive director: 1,5 – 2 times salary).

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

Remuneration scenarios for prescribed officers



Additional stretch awards

- The short-term incentive allows for outperformance over target increasing at 20% for every 5% outperformance. At 145% of the target slope the calculated incentives form a discretionary pool which is distributed at the discretion of the Remco.
- The proposed performance reward plan (long-term incentive) will allow for outperformance of up to two times the on-target level.

Executive directors – single figure disclosure in terms of King IV™

The executive directors of the board at 31 December 2018 were the group chief executive and the financial director, David Munro and Yuresh Maharaj respectively. These positions qualify as board appointments in line with best practice, succession planning and JSE requirements.

Remuneration and benefits paid and payable and approved in respect of 2018 for executive directors are detailed below. The determination of the values in the table below is in accordance with King IV™.

Executive directors – additional disclosure

For the purposes of completeness and comparability we provide the executive directors' remuneration in a manner consistent with previous periods. The presentation of the remuneration components appropriately reflects the award values in respect of the performance period to which they relate. Not all components are immediately settled and are linked to the Liberty ordinary share price as well as being contingent on performance and service periods.

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 as well as being contingent on performance and service periods.

Single figure disclosure	2018		2017		
R'000	DC Munro	Y Maharaj[1]	DC Munro[2]	T Dloti[3]	CG Troskie[4]
Fixed remuneration[5]	7 771	3 645	4 394	4 348	4 397
Cash portion of package	6 938	3 115	3 919	3 767	3 915
Other benefits	182	183	88	214	93
Retirement contributions	651	347	387	367	389
Variable remuneration awards[6, 7]	8 119	3 985	4 125		
Cash	5 983	3 055	3 187		
Restricted share plan	2 136	930	938		
Long-term awards	498	630		1 531	1 662
Restricted share plan[11]					385
Dividends	498	630		1 531	1 276
Separation payment				19 096	
Total remuneration	16 388	8 260	8 519	24 975	6 059
Additional disclosure					
Fixed remuneration[5]	7 771	3 645	4 394	4 348	4 397
Cash portion of package	6 938	3 115	3 919	3 767	3 915
Other benefits	182	183	88	214	93
Retirement contributions	651	347	387	367	389
Variable remuneration awards[6, 7]	8 119	3 985	4 125		
Cash	5 983	3 055	3 187		
Restricted share plan	2 136	930	938		
Long-term awards	15 000	7 079	33 400		
Performance reward plan[8]	15 000	7 079			
Value of restricted shares granted[9]			9 000		
Equity participation rights granted[10]			24 400		
Separation payment				19 096	
Total remuneration	30 890	14 709	41 919	23 444	4 397
Accrued and settled	13 754	6 700	7 581	23 444	4 397
Deferred in terms of short-term incentive policy[6]	2 136	930	938		
Deferred in terms of long-term incentive policy	15 000	7 079	33 400		

[1] *Appointed as finance director on 12 February 2018.*

[2] *Appointed as chief executive on 30 May 2017. Mr DC Munro was awarded share rights in the equity growth scheme with a Black Scholes value of R16 198 750 upon his appointment which has been included in long-term awards.*

[3] *Resigned from the board on 30 May 2017. Mr T Dloti was awarded a separation payment upon resignation.*

[4] *Resigned from the board on 31 December 2017, with a three month notice period.*

[5] *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.*

[6] *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.*

[7] *Short-term incentives were approved based on the group results for the 2018 financial year and payable in the 2019 financial year. Incentives are calculated as a percentage of total guaranteed package as at 31 December 2018.*

[8] *The awards are fully subject to vesting conditions and performance conditions which were approved by the remuneration committee in February 2019 in order to align to the performance period of 2018. Conditions include a minimum threshold to achieve any vesting a target and a stretch target, with interpolation between targets.*

[9] *The award value of restricted shares is the number of restricted shares granted times by the share price at award date. The awards are subject to vesting conditions and service duration. The value granted refers to awards approved by the remuneration committee in February 2018 in order to align to the performance period of 2017. The award, at the election of the individual executive, can be taken up to 50% as share rights in the equity growth scheme with the balance being allocated to the restricted share plan (long-term plan).*

[10] *Rights granted are valued using option pricing methodology and are subject to performance conditions as well as service duration. The 2017 award includes the sign-on award noted under (2) above and an additional award was approved by the remuneration committee in February 2018, with a Black Scholes value of R8 201 250.*

[11] *Mr Y Maharaj had two tranches of LTIP (Restricted Share Plan) awards vesting relating to the financial performance of 2018 but these tranches were forfeited due to the performance condition not being met hence no value is reflecting relevant to the 2018 Restricted Share Plan.*

Executive directors remuneration (continued)

Executive director short-term incentive emoluments

In summary, short-term incentives for each executive have two components. These are performance against set non-financial key performance indicators (KPIs) and scaled financial performance measured against board approved targets.

Non-financial key performance indicators

Group chief executive – David Munro

His performance and expertise were assessed and found suitable in terms of the JSE Listings Requirements. His KPIs for 2018 were assessed as fully achieved against the following deliverables:

- Maximise the relationship with Standard Bank
- Restore SA Retail to health
- Improve investment performance of STANLIB
- Implement a revised operating model that addresses the shortcomings of how Liberty is structured
- Optimise the outcomes for each of the group's growth initiatives
- Extract the benefits of Triage and Strategy Refresh
- Create and maintain a motivated workforce that delivers brilliantly on the basics.

Financial director – Yuresh Maharaj

Yuresh Maharaj was appointed to the board as Liberty's financial director on 12 February 2018. His performance and expertise were assessed and found suitable in terms of the JSE Listings Requirements. His KPIs for 2018 were assessed as fully delivered against the following deliverables was achieved:

- Appraisal of shareholders and analysts of remediation and restoration efforts at Liberty
- Lead cost containment and cost reduction initiatives across the group
- Track and measure performance against earnings, ROE, VoNB margin and RoGEV ranges communicated to the market at 2017 year end results presentation
- Lead financial transformation program (finance architecture, IFRS17, rationalisation to reduce complexity and strengthen the control environment)
- Lead the finance, compliance and capital workstreams to build a strong control environment and manage risk and compliance effectively.

Group financial targets for 2018 pertaining to the short-term incentives

The table below summarises the group financial targets for 2018, as they pertain to the short-term incentives, the category participation and award performance during the relevant financial year.

Target	Description	Weighting	Achievement
IFRS operating earnings	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.	35%	105,2%
Group equity value generation	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. The 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.	35%	0%
LibFin SIP gross return relative to benchmark (3 year rolling average)	This measure reflects the under or over performance of the SIP compared to a defined benchmark which, as from 2016, is measured against a three-year rolling benchmark to encourage long-term sustainability. Given the significant size of the SIP and the sensitivity of the contribution to group earnings, The Remco chose this indicator to ensure focus by management on the performance of the SIP.	10%	0%
VoNB	The value of new business targets are adjusted to normalise for changes in economic assumptions	20%	150,2%

The overall achievement against the above group targets translated into an overall achievement of 67%, compared to 31% for the prior year.

Executive directors remuneration (continued)

Executive director long-term incentive emoluments

The table below provides a summary of the vesting tranches of long-term restricted and equity growth scheme prior awards that are subject to the financial performance for the vesting period ended 31 December 2018.

Financial year of allocation	Vesting year tranche	Vesting condition	CUMULATIVE PERFORMANCE Vesting results
2014	3rd	Cumulative return on group equity value in excess of cumulative cost of equity	0%
2015	2nd		0%
2016	1st		0%

As the performance condition is of a cumulative nature, vesting events in the future would also be affected by the financial performance in 2018. The awards relating to the 2014, 2015 and 2016 vesting events during 2017 and 2018 have not delivered any value, and it is anticipated that due to the low returns on equity value achieved since 2017, the future vesting events relating to 2015, 2016 and 2017 awards, will not deliver value.

Summary of past long-term awards not exercised

Equity-settled schemes

Liberty rights under option

Name	Date granted	Award price	Date fully vested	Rights under option at beginning of year	Rights granted/ (cancelled) during year	Rights exercised during year	Rights under option at end of year	IFRS2 expense for 2018 R'000
Executive directors								
DC Munro				**500 000**			**725 000**	**6 667**
	31 May 17	110,79	31 May 22	500 000			500 000	4 532
	01 Mar 18	138,00	01 Mar 23		225 000		225 000	2 135
Y Maharaj					**80 000**		**80 000**	**759**
	01 Mar 18	138,00	01 Mar 23		80 000		80 000	759

Name	Date granted	Award price	Date fully vested	Shares at beginning of year	Shares granted/ (cancelled) during year	Shares vested during year	Shares at end of the year	Current value at end of year R'000	IFRS2 expense for 2018 R'000
Restricted share plan (long-term plan)									
Executive directors									
DC Munro					**65 218**		**65 218**	**7 174**	**1 964**
	01 Mar 18	138,00	01 Mar 23		65 218		65 218	7 174	1 964
Y Maharaj				**67 943**	**21 222**	**(2 588)**	**86 577**	**9 523**	**1 937**
	01 Sep 15	128,80	01 Sep 20	31 056	(7 764)	(2 588)	20 704	2 277	(107)
	01 Mar 16	138,40	01 Mar 21	14 451			14 451	1 590	520
	01 Mar 17	111,43	01 Mar 22	22 436			22 436	2 468	651
	01 Mar 18	138,00	01 Mar 23		28 986		28 986	3 188	873
Restricted share plan (deferred plan)									
Executive directors									
DC Munro					**6 794**		**6 794**	**747**	**353**
	01 Mar 18	138,00	01 Sep 21		6 794		6 794	747	353
Y Maharaj				**7 488**	**1 716**	**(4 370)**	**4 834**	**532**	**310**
	01 Mar 16	138,40	01 Sep 19	5 623		(3 748)	1 875	206	143
	01 Mar 17	111,43	01 Sep 20	1 865		(622)	1 243	137	78
	01 Mar 18	138,00	01 Sep 21		1 716		1 716	189	89

Summary of past long-term awards not exercised (continued)

DC Munro	Date granted	Price payable per share	Date fully vested	Opening balance	Shares/ rights granted/ exercised	Shares/ rights forfeited	Shares/ rights at the end of 2018	Value on grant date (R'000)	Value on settlement 2018[1] (R'000)	Fair value at year end 2018[2] (R'000)
Equity-settled scheme (EGS)				**500 000**	**225 000**		**725 000**	**24 399**		**18 391**
	30 May 17	110,79	30 May 22	500 000			500 000	16 198		12 619
	01 Mar 18	138,00	01 Mar 23		225 000		225 000	8 201		5 772
Restricted share plan (long-term plan)					**65 218**		**65 218**	**9 000**		**7 174**
	01 Mar 18	138,00	01 Mar 23		65 218		65 218	9 000		7 174
Restricted share plan (deferred plan)					**6 794**		**6 794**	**938**		**747**
	01 Mar 18	138,00	01 Sep 21		6 794		6 794	938		747
				500 000	**297 012**		**797 012**	**34 337**		**26 312**

Y Maharaj	Date granted	Price payable per share	Date fully vested	Opening balance	Shares/ rights granted/ exercised	Shares/ rights forfeited	Shares/ rights at the end of 2018	Value on grant date (R'000)	Value on settlement 2018[1] (R'000)	Fair value at year end 2018[2] (R'000)
Equity-settled scheme					**80 000**		**80 000**	**3 259**		**2 052**
	01 Mar 18	138,00	01 Mar 23		80 000		80 000	3 259		2 052
Restricted share plan (long-term plan)				**67 943**	**18 634**		**86 577**	**11 167**		**9 523**
	01 Sep 15	128,80	01 Sep 20	31 056	(10 352)		20 704	2 667		2 277
	01 Mar 16	138,40	01 Mar 21	14 451			14 451	2 000		1 590
	01 Mar 17	111,43	01 Mar 22	22 436			22 436	2 500		2 468
	01 Mar 18	138,00	01 Mar 23		28 986		28 986	4 000		3 188
Restricted share plan (deferred plan)				**5 614**	**(779)**		**4 835**	**636**	**290**	**532**
	01 Mar 16	138,40	01 Sep 19	3 749	(1 874)		1 875	260	218	206
	01 Mar 17	111,43	01 Sep 20	1 865	(621)		1 244	139	72	137
	01 Mar 18	138,00	01 Sep 21		1 716		1 716	237		189
				73 557	**97 855**		**171 412**	**15 062**	**290**	**12 107**

[1] *Value of cash flow is calculated by multiplying the vesting share price by the total units vesting and applying performance conditions where applicable.*

[2] *The fair value is calculated by multiplying the LHL share price as at 31 December 2018 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.*

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 periods.

Non-executive directors

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

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 increases are proposed for the 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 levels approach remaining unchanged for 2019. This approach will result in some fees lagging the market and this will need to be addressed in future.

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% (2017: 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 (2017: 153 461 712) ordinary shares in Liberty at 31 December 2018.

Directors' remuneration (single figure disclosure)

Directors[1] (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 Two Degrees	Total Liberty group	Other Standard Bank Group[2]	Total remuneration
2018									
JH Maree[3] (chairman)		2 894					2 894	1 808	4 702
AWB Band[4] (lead independent director)		935	605	130		787	2 457		2 457
SL Botha		347	476				823		823
AP Cunningham[5]		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 Roskruge Cele		347	171				518		518
SP Sibisi		260	689				949		949
YGH Suleman		347	944	130			1 421		1 421
JH Sutcliffe[6]		2 712		104			2 816		2 816
SK Tshabalala[7]								59 065	59 065
H Walker *(appointed 1 September 2018)*		115	128		60		303		303
Total	24 648	10 976	3 575	468	240	787	40 694	84 225	124 919

1 *Ms T Skweyiya was appointed to the board on 15 December 2018 and did not receive any directors fees in the current year.*

2 *Other Standard Bank Group is defined as Standard Bank Group Limited and its subsidiaries excluding Liberty and is paid by Standard Bank Group.*

3 *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.*

4 *Mr AWB Band is a director of Liberty Two Degrees Ltd, which includes STANLIB REIT Fund Managers (RF) (Pty) Ltd 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) (Pty) Ltd, and R131 000 for Liberty Two Degrees Ltd.*

5 *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.*

6 *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. 2018 rand equivalent of director's foreign currency fees paid is R2 816 180.*

7 *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.*

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

Information on rights and restricted share plan awards granted to executive directors under the equity-settled remuneration schemes are contained on pages R18 and R19.

There have been no other changes to the interests of directors, including their families, in the share capital as disclosed below as at 31 December 2018 to the date of approval of the annual financial statements, namely 28 February 2019.

	NUMBER OF SHARES	
Direct beneficial interests	**2018**	**2017**
Executives shareholding		
DC Munro	88 806	48 306
Y Maharaj	2 384	
	91 190	48 306
Non-executives shareholding		
SL Botha	5 335	5 335
JH Maree	100 000	100 000
JH Sutcliffe	4 000	4 000
SK Tshabalala	43 000	43 000
	152 335	152 335
	243 525	200 641

Directors' remuneration (single figure disclosure)

The table below has been restated to comply with King IV™'s single figure disclosure requirements.

Directors[1] (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 STANLIB REIT Fund Managers	Total Liberty group	Other Standard Bank Group[2]	Total remunera-tion
Restated									
2017									
JH Maree[3] (chairman)		2 760					2 760	1 447	4 207
AWB Band (lead independent director)		890	576	124		313	1 903		1 903
SL Botha		330	389				719		719
AP Cunningham[4]		2 130					2 130		2 130
T Dloti *(resigned 30 May 2017)*	24 975						24 975		24 975
MW Hlahla		330	97		172		599		599
MG Ilsley *(resigned 31 July 2017)*		220	654	50		332	1 256		1 256
MP Moyo *(resigned 3 April 2017)*		82	176			188	446		446
DC Munro *(appointed 15 February 2017)*[5,6]	8 519						8 519	57 107[7]	65 626
CL Roskruge Cele		330	73				403		403
SP Sibisi		330	511				841		841
YGH Suleman		330	605	99			1 034		1 034
JH Sutcliffe[8]		2 571					2 571		2 571
CG Troskie *(resigned 31 December 2017)*	6 059						6 059		6 059
SK Tshabalala[6]								55 115	55 115
Total	**39 553**	**10 303**	**3 081**	**273**	**172**	**833**	**54 215**	**113 669**	**167 884**

1 *Ms NY Khan was appointed to the board of directors on 15 December 2017 and did not receive any directors fees in the current year.*
2 *Other Standard Bank Group is defined as Standard Bank Group Limited and its subsidiaries excluding Liberty and is paid by Standard Bank Group.*
3 *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.*
4 *Mr AP Cunningham is an international director and received a composite fee of £121 317 in 2017 as a member of the board, committees and subsidiary boards. 2017 rand equivalent of director's foreign currency fees paid is R2 129 611.*
5 *Mr DC Munro was appointed as chief executive on 30 May 2017.*
6 *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. Mr DC Munro, also a full time employee of the Standard Bank Group, was a non-executive director of Liberty from 15 February 2017 to 30 May 2017, and therefore did not receive directors' fees or other remuneration from Liberty during this period.*
7 *Detailed disclosure of the single figure remuneration for Mr DC Munro is available in the Standard Bank Group 2017 remuneration report. The amount has been proportioned based on his appointment to the Liberty board from 15 February 2017. Included in the amount is a deferred R20 million cash award conditional on service to Liberty, 50% of which will be delivered after three years and 50% of which will be delivered after five years.*
8 *Mr JH Sutcliffe is an international director and received a composite fee of £148 300 in 2017 as a member of the board, committees, subsidiary boards and chairman of a committee. 2017 rand equivalent of director's foreign currency fees paid is R2 571 290.*

Summary of incentive schemes at 31 December 2018

Description	Eligible participants	Number of participants[1] 2018	Number of participants[1] 2017	Award amounts[2] Rm 2018	Award amounts[2] Rm 2017	IFRS expense (see note below) Rm 2018	IFRS expense (see note below) Rm 2017	Number of rights and shares[3] 2018
Short-term				563	519	554	615	
Senior management and specialists[4]	Senior management and specialists not included in other specific schemes	667	671	307	270	293	292	
STANLIB short-term[4]	Investment professionals and senior management employed by STANLIB	228	247	96	90	71	112	
LibFin markets[4]	Investment professionals	34	37	50	51	55	86	
Liberty general staff[4]	Staff not included in the above mentioned schemes	4 097	4 277	110	107	135	125	
Long-term				379	288	144	182	
Liberty Holdings group restricted share plan (long-term)[5]	Selected executives and senior management	195	184	201	175	42	58	3 828 735
Liberty Holdings group restricted share plan (deferred)[5]	Participants of the senior management scheme that receive awards in excess of thresholds	211	241	35	35	30	35	512 852
Liberty Equity Growth[5]	Selected executives	117	119	78	21	22	6	3 437 436
STANLIB deferred bonus[4]	Investment professionals and senior management employed by STANLIB	132	107	65	57	50	83	
Total				942	807	698	797	

1 *Number of participants, in respect of short-term schemes, reflect the total number of individual awards granted for the reporting period and in respect of long-term schemes, participants that have outstanding awards at 31 December (either not vested or vested but not exercised).*

2 *Award amounts reflect, in respect of short-term awards, the approved amounts relating to the financial performance for the past financial year and in respect of long-term awards the amounts awarded in relation to the financial performance for the past financial year and ad hoc awards awarded in the calendar year.*

3 *Number of rights and shares represent the outstanding awards not as yet vested or vested but not exercised.*

4 *Cash-settled.*

5 *Equity-settled.*

IFRS expense:

Due to the timing of the award finalisation being post year end, the IFRS accruals for short-term awards are not fully aligned.

IFRS requires long-term awards to be amortised over the vesting period adjusted for the probability of performance being met. Therefore, the award and expense amounts are not directly comparable.

Refer to appendix B in the annual financial statements for full details of rights and restricted share awards.

LIBERTY

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