

# Remuneration Policy

This document is prepared in accordance with governance best practice as contained in the King IV Report on Corporate Governance (“King IV”) and complies with legislation including but not limited to the Companies Act 71 of 2008 as amended.

The purpose of this document is to set out guiding principles, through an organisation-wide approach, relating to the Company’s remuneration framework and its consistent implementation that is aligned to the strategic direction of the Company.

## PURPOSE and OUTCOME

The outcomes of this policy include:

- attracting and retaining critical talent, capable executives and a skilled workforce;
- motivating and assisting employees to learn and realise their professional goals, improve their performance and ultimately contribute to achieving the Company’s long-term objectives;
- ensuring short-term success and long-term sustainability;
- ensuring that labour costs compare favourably with Red Pine Capital (PTY) LTD’s peers and competitors within the South African labour market and the financial services industry;
- promoting an ethical culture and responsible corporate citizenship;
- enhancing internal fairness through consistent, appropriate and responsible remuneration decision making aligned with the Company’s strategy and values;
- rewarding employees in a manner which is fair, equitable and reflective of both Company and individual performance;
- ensuring internal equity and external competitiveness; and
- promoting positive outcomes across the integrated reporting capitals that the Company uses or affects.

In setting and administering its remuneration policy, the Company is also committed to observing its obligations in terms of the Employment Equity Act 55 of 1998 (as amended) (“the Employment Equity Act”) and the Regulations in terms thereof, specifically the principle of Equal Pay for work of Equal Value.

The company’s remuneration philosophy is to recruit, motivate, reward and retain employees who believe in, and live by, our culture and values. We endeavour to encourage entrepreneurship by creating a working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the group. Our philosophy, supported by a robust performance management practice, strives to set our employees’ total remuneration package at a competitive level by benchmarking to the market and providing incentives geared to agreed performance outcomes, where appropriate. We believe the long-term success of the group is directly linked to the calibre of employees that we employ and the working environment that we create. It is, therefore, imperative that we make a concerted attempt to align the best interests of our employees with that of our other stakeholders.

## FAIR AND RESPONSIBLE REMUNERATION

Principle a4 of King IV, Remuneration Governance states that the governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Red Pine Capital (PTY) LTD is committed to the concept of fair and responsible remuneration of its executive members and prescribed officers in line with Company and individual performance, market trends and in the context of overall employee remuneration.

Red Pine Capital (PTY) LTD employs a workforce of varied skills and qualifications. The remuneration requirements for each skill level and employment type differ insofar as the differentiation is fair and responsible.

## REMUNERATION COMMITTEE

Unlike audit committees and social and ethics committees, there is no statutory framework or requirement for a remuneration committee. However, King III recommends the establishment of the remuneration committee. Red Pine Capital (PTY) LTD will establish a Remuneration committee which will be made up of the Company HR and Senior management.

The Remuneration committee will exercise competent and independent judgment on the Company's Remuneration Policy and practices and the incentives created for managing risk, capital and liquidity.

The Remuneration Committee shall be responsible for setting the overall Remuneration Policy framework and practices including those practices, actions and decisions regarding remuneration and incentive schemes that have implications for the risk, risk management and regulatory compliance of the Company.

## REMUNERATION APPROACH

The HR Manager is responsible for ensuring that the policy outlined below with regards to the remuneration of employees is adhered to.

### Fixed Remuneration

Fixed remuneration serves to compensate employees according to their qualifications, experience and skills, as well as the requirements, significance and scope of their work. Specifically, it includes the contractually agreed monthly recurring salary.

The appropriate amount for an employee's fixed remuneration shall be determined based on a market comparison of his/her role, general salary levels within the Company, the labor market situation in the respective industry and at the respective location and the regulatory requirements for the structures applicable to total remuneration. Competitive fixed remuneration plays an important role in attracting and retaining employees. This guarantees that the Company and the Group have the competencies required to meet their strategic goals.

# Variable Remuneration

The Company employs two types of variable remuneration:

- Annual discretionary performance-related bonus. All employees are eligible to receive such a bonus.
- Commission based on First Time Deposits (“FTDs”) and/or spread share, paid to specific employee categories.

Qualitative and quantitative criteria should be considered in the determination of variable remuneration. This criteria must reflect the desired conduct of the employees to act in the best interest of the clients and in a manner that has regard to focusing on the long term sustainable performance of the Company versus short term risk taking or malpractices. Variable remuneration also has the benefit that it can differentiate performance results and promote practices by means of suitable incentive systems, which in turn affect the corporate culture.

## Malus and clawback clauses

Up to 100% of the total variable and performance related remuneration may be subject to claw back arrangements, based on the following criteria:

- Cases where the employee participated or was responsible for conduct which resulted in significant losses for the Company.
- Cases where the employee failed to meet appropriate standards of fitness or in instances of individual gross misconduct.

This claw back clause is triggered whenever any of the above two cases are met. The amount of variable remuneration subject to claw back should be calculated proportionally on the variable remuneration received within the period under non-compliance. A waiver from the exercise of the clawback and malus terms is only permitted by decision of the REMCO.

Negative adjustments to the variable remuneration will take place in case of complaints or regulatory breaches that are directly related to employees’ or department’s activities. Adjustments take place at three levels:

1. Team Level: to ensure that team acts as a first level of defense of malpractices
2. Individual Level: the biggest negative allocation takes place
3. Adjustment even if complaints do not lead to monetary compensations

Both the clause of malus and clawback provide for incentive recovery in the event of the discovery of a material misstatement of results, an error in the calculation of bonus outcome, significant failure of risk management, regulatory censure or in instances of individual gross misconduct.

Type of variable remuneration: The variable remuneration for the employees falling in this category will be in the form of an annual discretionary performance-related bonus.

Maximum limit of variable remuneration: Up to 100% of fixed remuneration.

## Personal Investment Strategies

The Company must ensure that its employees undertake not to use personal hedging strategies for remuneration, or liability related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements. The Company must maintain effective arrangements designed to ensure that employees comply with their undertaking.

## Guarantees

Guaranteed bonuses payable over a period of more than 12 months are not paid or permitted. Guaranteed bonuses will also only be paid only on an exceptional basis.

## Red Pine Capital (PTY) LTD Pension policy

The Company does not pay discretionary pension benefits. The employees of the Company may operate a voluntary pension scheme, through relevant self -initiated salary adjustments.

## Severance

Any payments related to the early termination of contracts will reflect performance achieved over time and will be designed in a way which does not reward failure, excessive or inappropriate risk taking or regulatory misconduct.

If an employee ceases to be a Company employee by reason of termination for Cause or by reason of resignation (or other voluntary cessation on the part of the Employee), the Employee shall forfeit all rights to any payment in respect of any instalment of the unvested sums which are unpaid at the date of his ceasing to be an employee (or, where he resigns, the date of his resignation) and that payment shall no longer be made to him. The REMCO shall decide in its sole discretion whether any termination is for Cause, and for these purposes, the decision shall be determined by a majority vote.

Cause indicatively includes:

1. the willful and repeated failure to perform any of his or her material duties (whether under contract, law or otherwise) due to the Company or the gross negligence of such person in the performance of such duties, provided that such person has received notice of such failure or negligence from the Company and has been provided at least 30 days to cure such failure or negligence;
2. violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Company or any Group Company is a member;
3. material violation of any of the Company's or Group's Code of Conduct, policy, procedure, standard, directive, or similar procedural document as in effect from time to time (whether in written or in electronic form), the finding in any disciplinary procedure that such breach has occurred being sufficient to prove such material violation.

## Business authority

All remuneration policies and practices are documented and are subject to periodic review by HR, the Board of Directors of the Company (through the REMCO).

The completion of Year End performance reviews, decisions and the quality of the reviews are fully documented.

All remuneration decisions are fully recorded in the Company's REMCO minutes as appropriate.

All above records are maintained for a period of 5 years from the date of the award / decision.