



O & M Lesedi PV Plant

Remuneration Policy

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1 OVERVIEW AND REMUNERATION PHILOSOPHY

The Company aims to remunerate its employees in a manner that supports its mandate and values, whilst attracting and retaining skills and rewarding high levels of performance. The Remuneration Policy does so by means of establishing remuneration practices that are fair, reasonable and market related.

Through this policy, the Company seeks to:

- a) Give operational effect to the Company's Remuneration Strategy.
- b) Minimise the cost and time consumed in attracting talent.
- c) Support the retention of talent.
- d) Promote superior individual, team and organisational performance.
- e) Introduce a balance between short-term and longer-term incentives.
- f) Position the Company competitively in the market in relation to attracting talent.

2 REMUNERATION STRUCTURE

The company's remuneration policy is implemented to ensure structure is made up of two components:

2.1 Total Cost To Company (TCTC)

Incorporating basic pay, car allowance, provident fund, medical aid, leave and various other allowances (where applicable).

2.2 Short-term Incentive Bonuses (performance-based)

Dependent on company and individual performances for the previous financial year and accounted for on a cash paid basis in the following financial year.

2.3 No 13th Check

The company has a strict no 13th check policy and bonuses and incentives will only be considered on the Short-term Incentive Bonus Structure.

3 POLICY APPLICABILITY

This policy is applicable to all permanent employees of the Company.

4 POLICY PRINCIPLES

The company's remuneration policy is designed, to ensure that:

- o employees are fairly rewarded for their individual contribution to the company's operating and financial performance in line with its corporate objectives and business strategy; and
- o remuneration is generally aligned with industry and market benchmarks.

The principles that reflect and drive the remuneration policy are as follows:

- o Competitive pay levels: the company is committed to paying remuneration packages that are competitive in the sectors in which it operates, and the general market where appropriate;
- o Pay for performance: remuneration practices will reward high-performing employees for the contribution they make to the Company;
- o Cost management: the company will manage the total cost of employment for all employees;

- Holistic approach: the company chooses to adopt an integrated approach to remuneration strategy, encompassing a balanced design and pay mix that includes all of the following components:
 - guaranteed pay;
 - performance management;
 - annual incentive pay rewarding individual performance;
- Regular revision: the company recognises that, in its current strategic environment, this remuneration policy and each of its components are dynamic and should be revisited regularly to ensure that the company keeps pace with changing market practices, and its evolving organisational context and objectives; and
- Communication: the company is committed to ensuring that all stakeholders are aware of the remuneration policy.

In the document that follows, these principles have been utilised to design a set of guidelines for each component of the remuneration policy

4.1 GUIDELINES ON GUARANTEED PAY

The total employment cost in the Company, of which guaranteed pay is the major component, forms a significant portion of total operating costs. It is therefore imperative that guaranteed pay is managed efficiently and wisely. As the Company operates on a fixed income basis it is essential to achieve effective cost management. This policy has been adopted to ensure that the cost of the remuneration package paid to employees is controlled by the company, and does not include open-ended liabilities where the cost of a benefit is determined either by levels of utilisation or by external pricing factors.

TCTC represents a generally-accepted marked practice for remunerating employees and accordingly allows for accurate and meaningful benchmarking of remuneration packages.

The company promotes a policy of career development and strives to promote employees in position.

The company's annual TCTC increase process will be performed during April each year. Overall increases will typically reflect the inflation rate increases, with individual increases varying according to an assessment of individual performance providing a discretionary increase to individuals who achieve an exceptional performance score of 1 for the previous year's performance appraisal.

4.2 GUIDELINES ON PERFORMANCE MANAGEMENT

The Company has a variety of formal and informal frameworks for performance management that are directly linked to either increases in TCTC, or to annual short-term incentive bonuses.

Performance management and assessment takes place in accordance with the Performance Management Policy

4.3 GUIDELINES ON ANNUAL SHORT-TERM INCENTIVE BONUSES

It is a general principle that all annual incentive bonuses are discretionary and no individual has any right to be paid an annual incentive bonus.

Subject to the above, annual short-term incentive bonuses will be paid in December each year.

Bonuses will be calculated using the year's November performance appraisal and will be paid on the following basis:

- An Employee rated at Performance Levels 5 & 4 will not qualify for any bonus.
- An Employee rated at Performance Level 3 will qualify for a bonus of 50% of the Employee's monthly monetary TCTC.
- An Employee rated at Performance Level 4 will qualify for a bonus of 75% of the Employee's monthly monetary TCTC.
- An Employee rated at Performance Level 5 will qualify for a bonus of 110% of the Employee's monthly monetary TCTC.

Employees who have not been appraised in a performance cycle will not qualify for any bonus. The Executive Management of the company can however offer a discretionary bonus to such Employees on an *ad hoc* basis.